

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

**FORM 10-K**

(Mark One)

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

For the fiscal year ended November 30, 2024  
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**

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

Title of each class  
**Common Stock, \$0.01 par value per share**

Trading Symbol(s)  
**PRGS**

Name of each exchange on which registered  
**The Nasdaq Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No

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

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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 May 31, 2024 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of voting stock held by non-affiliates of the Registrant was approximately \$2,148,000,000.

As of January 14, 2025, there were 43,369,671 common shares outstanding.

#### **Documents Incorporated By Reference**

The registrant incorporates by reference portions of its definitive Proxy Statement with respect to its 2025 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission within 120 days following the end of its fiscal year, into Part III of this Annual Report on Form 10-K.

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**PROGRESS SOFTWARE CORPORATION**  
**FORM 10-K**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2024**  
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## CAUTIONARY STATEMENTS

This Form 10-K, and other information provided by us or statements made by our directors, officers or employees from time to time, 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. These forward-looking statements are based upon our present intent, beliefs or expectations, but are not guaranteed to occur and may not occur. Actual future results may differ materially from those contained in or implied by our forward-looking statements due to various factors. Such factors are more fully described in Part I, Item 1A of this Form 10-K under the heading "Risk Factors". 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.

## PART I

### Item 1. Business

#### 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. 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.

A key element of our strategy is centered on the goal of building and maintaining leading products and tools enterprises need to build, deploy, and manage modern, strategic business applications. We offer our products and tools to both new customers and partners, as well as our existing partner and customer ecosystems.

Our organizational philosophy and operating principles focus primarily on customer and partner retention and success, and a streamlined operating approach to drive predictable and stable recurring revenue and high levels of profitability.

We are pursuing a total growth strategy driven by accretive acquisitions of businesses and products that meet our strict strategic, financial, and operating criteria, which help to further our goal of providing stockholder returns. In April 2019, we acquired Ipswitch; in October 2020, we acquired Chef Software; in November 2021, we acquired Kemp Technologies; in February 2023, we acquired MarkLogic; and in October 2024, we acquired ShareFile.

Our capital allocation policy emphasizes accretive M&A, which we believe allows us to expand our business and drive significant stockholder returns. We also utilize share repurchases to return capital to stockholders. We currently intend to continue to repurchase our shares in sufficient quantities to offset dilution from our equity plans and may elect to conduct additional repurchases based on market conditions and other factors.

#### Our Products

In recent years, our total growth strategy, described above, has resulted in the expansion of our product portfolio. Described below are the leading products in our portfolio.

*Progress Chef:* DevOps/DevSecOps automation software to achieve secure, continuous delivery of critical applications and infrastructure.

*Progress Corticon:* Decision automation platform to transform user experiences by streamlining and automating complex business rules using AI—without having to code.

*Progress DataDirect:* Secure data connectivity tools for Relational, NoSQL, Big Data and SaaS data sources.

*Progress Developer Tools:* The comprehensive software development tooling collection including .NET and JavaScript UI components for web, desktop and mobile applications, AI-prompt components, reporting and report management tools and automated testing and mocking tools.

*Progress Flowmon*: AI-powered network security and visibility product with automated response across hybrid cloud ecosystems.

*Progress Kemp LoadMaster*: Flexible application delivery and security product offering cloud-native, virtual and hardware load balancers.

*Progress MarkLogic*: Data agility platform to securely connect data and metadata, create and interpret meaning, and consume high-quality contextualized data across the enterprise software system.

*Progress MOVEit*: Managed file transfer software for managing and controlling the movement of sensitive files, providing the ability to secure them both at-rest and in-transit, and meeting strict compliance requirements.

*Progress OpenEdge*: An application development platform for running business-critical applications needing high-performance, high availability and flexible deployment options for extensibility, scalability, security and performance.

*Progress Semaphore*: Semantic AI platform that transforms data into meaningful insights, empowering organizations to leverage Retrieval Augmented Generation (RAG) for accurate, contextually relevant Gen AI responses, manage knowledge models, and to automatically extract and classify meaning from both structured and unstructured data.

*Progress ShareFile*: SaaS-native AI-powered document centric collaboration platform that includes workflow automation, client portals, file synchronization and sharing and integrated eSignature.

*Progress Sitefinity*: Digital experience platform foundation, delivering intelligent, AI-powered, ROI-driving tools for marketers and an extensible platform for developers to create engaging, cross-channel digital experiences.

*Progress WhatsUp Gold*: Network infrastructure monitoring software providing complete visibility of all network devices, servers, virtual machines, cloud and wireless environments to find and fix network problems.

## **Product Development**

We believe that the features and performance of our products are competitive with those of other available digital experience and infrastructure software products and that none of the current versions of our products are approaching obsolescence. However, we have invested, and expect to continue to invest in new product development and enhancements of our current products to maintain our competitive position. Our primary development offices are located in Sofia, Bulgaria; Brno, Czech Republic; Bengaluru, India; Hyderabad, India; Limerick, Ireland; Alpharetta, Georgia; Burlington, Massachusetts; Madison, Wisconsin; Morrisville, North Carolina and Raleigh, North Carolina.

## **Customers**

We sell our products globally through several channels: directly to end users and various indirect sales channels. Sales of our products through our direct sales force have historically been to business managers or IT managers in corporations and governmental agencies. We also target developers who create business applications, from individuals to teams, within enterprises of all sizes.

Nearly half of our worldwide revenue is realized through relationships with indirect channel partners, principally independent software vendors ("ISVs"), original equipment manufacturers ("OEMs"), distributors and value-added resellers ("VARs"). We use distributors and resellers, both internationally and domestically, in certain locations where we do not have a direct presence or where it is more economically or contractually feasible for us to do so.

### *Independent Software Vendors*

ISVs develop and market applications using our technology and resell our products in conjunction with sales of their own products that incorporate our technology. Our ISVs cover a broad range of markets, offer an extensive library of business applications and are a source of recurring revenue. We have kept entry costs, consisting primarily of the initial purchase of development licenses, low to encourage a wide variety of ISVs to build applications. If an ISV succeeds in marketing its applications, we obtain recurring revenue as the ISV licenses our products to allow its application to be installed and used by customers. In recent years, a significantly increasing amount of our revenue from ISVs has been generated from ISVs who have chosen to enable their business applications under a software-as-a-service ("SaaS") platform.

### *Original Equipment Manufacturers*

OEMs are companies that embed our products into their own software products or devices. We enter into arrangements with OEMs in which the OEM embeds our products into its solutions, typically either software or technology devices. OEMs typically license the right to embed our products into their solutions and distribute those solutions for initial terms ranging from one to three years. Historically, most of our OEMs have renewed their agreements upon the expiration of the initial term.

### *Value Added Resellers, Systems Integrators and Distributors*

We enter into arrangements with VARs in which the VARs add features or services to our product, then resell it as an integrated product or complete "turn-key" solution. Systems integrators typically have expertise in vertical or functional markets: they may resell our products by bundling them with their broader service offerings or refer sales opportunities to our direct sales force. Distributors resell our products, services and support within their territories.

No single customer or partner has accounted for more than 10% of our total revenue in any of our last three fiscal years.

## **Sales and Marketing**

Many of our products are sold as perpetual licenses, but certain products also use term licensing models, and our cloud-based offerings use a subscription-based model. We sell our products through our direct sales force and indirect channel partners. Our sales and field marketing groups are organized primarily by geographic region (i.e., North America, EMEA, Latin America, and Asia Pacific). We believe this structure allows us to maintain direct contact with our customers and partners, while supporting their diverse market requirements. Our international operations provide focused local sales, support and marketing efforts and are able to respond directly to changes in local conditions.

Sales personnel are responsible for developing new direct end user accounts, recruiting new indirect channel partners and new independent distributors, managing existing channel partner relationships and servicing existing customers.

Our marketing personnel conduct a variety of marketing engagement programs designed to create demand for our products, enhance the market readiness of our products, raise the general awareness of our company and our products, generate leads for the sales organization and promote our various products. These programs include public relations, industry analyst relations, digital/web marketing, demand generation, participation in trade shows, industry conferences, regional user events, and production of sales and marketing literature.

Our marketing efforts focus on driving traffic to our websites, generating high quality sales leads and building visibility for our corporate and product brands. Our sales efforts then focus on converting these leads into paying customers.

## **Customer Support**

Our customer support staff provides telephone, email and web-based support to end users, application developers and OEMs. Customers purchase maintenance services entitling them to software updates, technical support and technical bulletins. Maintenance is generally not required with those products sold under perpetual license agreements and is purchased at the customer's option. SaaS products are sold as a subscription that includes maintenance and support. We provide support to customers primarily through our main regional customer support centers in Sofia, Bulgaria; San Jose, Costa Rica; Brno, Czech Republic; Bengaluru, India; Hyderabad, India; Limerick, Ireland; Rotterdam, The Netherlands; Singapore; Alpharetta, Georgia; Burlington, Massachusetts; Madison, Wisconsin; Morrisville, North Carolina and Raleigh, North Carolina. Local technical support for specific products is provided in certain other countries as well.

## **Professional Services**

Our global professional services organization delivers business solutions for customers through a combination of products, consulting and education. Our consulting organization offers project management, implementation services, custom software development, programming and other services. Our consulting organization also provides services to web-enable existing applications or to take advantage of the capabilities of new Progress product releases. Our education organization offers numerous training options, from traditional instructor-led courses to advanced learning modules available via the web or on digital media.

Our services offerings include: application modernization; infrastructure automation; development operations; data management, managed database services; performance enhancements and tuning; and analytics/business intelligence.

## **Competition**

The software industry is intensely competitive. We experience significant competition from a variety of sources with respect to all of our products. We believe that certain competitive factors affect the market for our software products and services, which may include: (i) vendor and product reputation; (ii) product quality, performance and price; (iii) the availability of software products on multiple platforms; (iv) product scalability; (v) product integration with other enterprise applications; (vi) software functionality and features; (vii) software ease of use; (viii) the quality of professional services, customer support services and training; and (ix) the ability to address specific customer business problems. We believe the relative importance of each of these factors depends upon the concerns and needs of each specific customer.

We compete with multiple companies, some that have single or narrow solutions, and some that have a range of software solutions. Many companies offer platform-as-a-service, application development, data integration and other tools in conjunction with offerings such as customer relationship management, web services, operating systems, and relational database management systems. We compete with software vendors that offer their products under a proprietary software license model, and various other vendors that offer their solutions in an open-source licensing or freely available distribution model.

We do not believe that there is a dominant vendor in the markets in which we compete. However, some of our competitors have greater and/or more experienced financial, marketing or technical resources than we have, or may be able to adapt more quickly to new or emerging technologies and changes in customer requirements or to devote greater resources to the development, promotion and sale of their products than we are able. Increased competition could make it more difficult for us to maintain our revenue and market presence.

## **Intellectual Property**

We rely on a combination of contractual provisions and copyright, patent, trademark and trade secret laws to protect our proprietary rights in our products. Except as described below with respect to our Chef products, we primarily distribute or offer our products as a service under software license agreements that grant customers a nonexclusive license to use our products, but contain terms and conditions prohibiting the unauthorized reproduction, use or transfer of our products. We generally offer our products through various models, including perpetual, term or subscription licensing models. Our cloud or SaaS offerings are generally provided under a subscription model. We also distribute products through various channel partners, including ISVs, OEMs and systems integrators.

We seek to protect the source code of our products as trade secrets and as unpublished copyrighted works. We hold numerous patents covering portions of our products. We also have several patent applications for product technologies. Where possible, we seek to obtain protection of our product names and service offerings through trademark registration and other similar procedures throughout the world. We also protect our trade secrets and other proprietary information through agreements with employees, consultants and channel partners.

Our Chef offerings incorporate software components licensed to the general public under open source licenses. We obtain many components from software developed and released by contributors to independent open source components of our offerings. Open source licenses grant licensees broad permissions to use, copy, modify and redistribute our platform. As a result, open source development and licensing practices can limit the value of our software copyright assets.

We believe that due to the rapid pace of innovation within our industry, factors such as the technological and creative skills of our personnel are as important in establishing and maintaining a leadership position within the industry as are the various legal protections of our technology. In addition, we believe that the nature of our customers, the importance of our products to them and their need for continuing product support may reduce the risk of unauthorized reproduction, although no assurances can be made in this regard.

## **Business Segment and Geographical 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. As we operate as one operating segment, the required financial segment information can be found in the condensed consolidated financial statements. Refer to Note 14: Revenue Recognition and Note 18: Business Segments and International Operations to our Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for information by geographic area.

## Human Capital

As of November 30, 2024, we had 2,815 employees worldwide, including 975 in sales and marketing, 503 in customer support and services, 1,055 in product development and 282 in administration.

None of our U.S. employees are subject to a collective bargaining agreement. Employees in certain foreign jurisdictions are represented by local workers' councils and/or collective bargaining agreements as may be customary or required in those jurisdictions. We have experienced no work stoppages and believe our relations with employees are good.

We believe that our future success largely depends upon our continued ability to attract and retain highly skilled employees. Therefore, we provide our employees with competitive compensation and benefits, opportunities for equity ownership, and development programs that enable continued learning and growth.

### ***Employee Engagement, Development and Training***

We invest significant resources to develop our in-house talent and deepen our employees' skill sets, both to strengthen our company and help further our employees' personal career goals. We empower our employees to drive their career aspirations and set personal development objectives in partnership with their managers. To strengthen these conversations, we train managers across the globe to partner with employees through career conversations and provide career development training for all employees so that they can successfully leverage the many tools in place to support them.

To match the location and learning specifics of our people, we combine various channels for personal and technical development: on-demand online training including videos, webinars, classroom trainings, text-based resources, coaching, and more. We also believe strongly in fostering our employees' personal growth and offer programs like tuition reimbursement.

Our efforts to recruit and retain a diverse and inclusive workforce include providing competitive compensation and benefit packages worldwide and ensuring we listen to our employees. To that end, we regularly survey our employees to obtain their views and assess employee satisfaction and engagement. We use the views expressed in the surveys to influence our people strategy and policies.

### ***Flexible Work Approach***

The COVID-19 pandemic significantly changed the way employees think about where and how they work. For most of our employees, productivity is no longer tied to being in an office and collaboration can happen between people anywhere. Our view of our offices has evolved to places for collaboration and in-person interactions rather than the only places where productive work can occur. In 2021, we announced a modern approach to work that gives our employees more flexibility to choose where to work. Depending on their role, this means that employees can choose their office location, as well as continue to work from home some or all the time. We expect this flexible approach will help us recruit and retain employees.

### ***Inclusion and Diversity***

As a multicultural company serving a global community, we encourage a wide range of views and celebrate our diverse backgrounds. We are committed to creating a culture of innovation and inspiration, where employees feel a strong sense of community and pride in the company and the successes they have helped to achieve. We have an Inclusion and Diversity Advisory Committee, made up of Progress employees from around the globe with varying backgrounds, skill sets and viewpoints. This committee supports our Chief Inclusion and Diversity Officer in the formation and implementation of enterprise-wide Inclusion and Diversity initiatives and ensuring a clear Inclusion and Diversity vision is established and articulated in a way that is authentic for all Progress employees.

## Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on our website at [www.progress.com](http://www.progress.com) as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the Securities and Exchange Commission (the "SEC") at [www.sec.gov](http://www.sec.gov). The information posted on our website is not incorporated into this Annual Report on Form 10-K.

## Item 1A. Risk Factors

We operate in a rapidly changing environment that involves certain risks and uncertainties, some of which are beyond our control. The risks discussed below could materially affect our business, financial condition and future results. The risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may materially adversely affect our business, financial condition or operating results in the future.

### Risks Related to Our Ability to Grow Our Business

***Technology and customer requirements evolve rapidly in our industry, and if we do not continue to develop or acquire new products and enhance our existing products in response to these changes, our business could be harmed.*** Ongoing enhancements to our product sets (both organically and through acquisitions) will be required to enable us to maintain our competitive position and the competitive position of our ISVs, distributors/resellers, and OEMs. We may not be successful in developing and marketing enhancements to our products on a timely basis, and any enhancements we develop may not adequately address the changing needs of the marketplace. Overlaying the risks associated with our existing products and enhancements are ongoing technological developments and rapid changes in customer and partner requirements. Our future success will depend upon our ability to develop, acquire and introduce new products in a timely manner that take advantage of technological advances and respond to new customer and partner requirements. We may not be successful in developing or acquiring new products incorporating new technology on a timely basis, and any new products we develop or acquire may not adequately address the changing needs of the marketplace or may not be accepted by the market. Failure to develop new products and product enhancements that meet market needs in a timely manner could have a material adverse effect on our business, financial condition and operating results.

***We are substantially dependent on our OpenEdge products.*** We derive a significant portion of our revenue from software license and maintenance revenue attributable to our OpenEdge product set, which in fiscal year 2024 accounted for approximately 34% of our aggregate revenue on a consolidated basis. Accordingly, our future results depend on continued market acceptance of OpenEdge. If consumer demand declines, or new technologies emerge that are superior to, or are more responsive to customer requirements than OpenEdge, such that we are unable to maintain OpenEdge's competitive position within its marketplace, our business, financial condition and operating results may be materially adversely affected.

***The segments of the software industry in which we participate are intensely competitive, and our inability to compete effectively could harm our business.*** We experience significant competition from a variety of sources with respect to the marketing and distribution of our products. Many of our competitors have greater financial, marketing or technical resources than we do and may be able to adapt more quickly to new or emerging technologies and changes in customer requirements or to devote greater resources to the promotion and sale of their products than we can. Increased competition could make it more difficult for us to maintain our market presence or lead to downward pricing pressure. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties, thereby increasing their ability to deliver products that better address the needs of our existing or prospective customers. Current and potential competitors may also be more successful than we are in having their products or technologies widely accepted. We may be unable to compete successfully against current and future competitors, and our failure to do so could have a material adverse effect on our business, prospects, financial condition and operating results.

***The value of our Chef software assets may be limited by open source development and licensing practices.*** Our Chef offerings incorporate software components licensed to the general public under open source licenses. We obtain many components from software developed and released by contributors to independent open source components of our offerings. One of the characteristics of open source software is that the governing license terms generally allow liberal modifications of the code and distribution to a wide group of companies and/or individuals. As a result, the marketplace for new products is intensely competitive and characterized by low barriers to entry because others could develop new software products or services based upon those open source programs that compete with existing open source software that we support and incorporate into our Chef products. New competitors that develop their own open source software or hybrid proprietary and open source software offerings with technological, marketing or other competitive advantages may reduce the demand for and impose price pressure on our products, enabling them to rapidly acquire market share and limit the value of our software assets.

***We intend to make additional acquisitions of businesses, products or technologies that involve additional risks, which could disrupt our business or harm our financial condition, results of operations or cash flows.*** A key element of our strategy includes the acquisition of businesses that offer complementary products, services and technologies, augment our revenues and cash flows, and meet our strict financial and other criteria. We may not be able to identify suitable acquisition opportunities or consummate any such transactions on favorable terms or at all. Even if an acquisition is successful, the integration of a new business involves a number of risks that could have a material adverse effect on our business, financial condition, operating results or cash flows, including:

- difficulties of assimilating the operations and personnel, products or systems of acquired companies;
- our potential inability to realize the value of the acquired assets relative to the price paid;
- distraction of our management from our ongoing businesses;
- potential product disruptions associated with the sale of the acquired business's products;
- the potential that an acquisition may not further our business strategy as we expected, may not result in revenue and cash flow growth to the degree we expected or at all, or may not achieve expected synergies;
- the possibility of incurring significant restructuring charges and amortization expense;
- the risk that an acquired company's cybersecurity may not have been sufficient and could cause a post-acquisition risk once integrated into our systems;
- risks related to the assumption of the acquired business's liabilities or any ongoing lawsuits;
- potential impairment to assets that we recorded as a part of an acquisition, including intangible assets and goodwill; and
- to the extent that we issue stock to pay for an acquisition, dilution to existing stockholders and decreased earnings per share.

Difficulties associated with any acquisitions we may pursue, and their integration may be complicated by factors such as:

- the size of the business or entity acquired;
- geographic and cultural differences;
- lack of experience operating in the industry or markets of the acquired business (e.g., satisfying the requirements of public-sector customers);
- potential loss of key employees and customers;
- the potential for deficiencies in internal controls at the acquired or combined business, including but not limited to with regard to any weaknesses or vulnerabilities in the acquired company's cybersecurity controls;
- performance problems with the acquired business's technology;
- exposure to unanticipated liabilities of the acquired business, including any cybersecurity issues;
- insufficient revenue to offset increased expenses associated with the acquisition; and
- adverse tax consequences.

In addition, if we fail to complete an announced acquisition, the market price of our common stock could fall to the extent such price reflects an assumption that such acquisition will be completed, and we may incur significant unrecoverable costs. Further, the failure to consummate an acquisition may result in negative publicity and adversely impact our relationships with our customers, vendors and employees. We may become subject to legal proceedings relating to the acquisition and the integration of acquired businesses may not be successful. Failure to manage and successfully integrate acquired businesses, achieve anticipated levels of profitability of the acquired business, improve margins of the acquired businesses and products, or realize other anticipated benefits of an acquisition could materially harm our business, operating results and margins.

***If our goodwill or amortizable intangible assets become impaired, we may be required to record a significant charge to earnings.*** We acquire other companies and intangible assets and may not realize all the economic benefit from those acquisitions, which could cause an impairment of goodwill or intangibles. We review our amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. We test goodwill for impairment at least annually. Factors that may cause a change in circumstances, indicating that the carrying value of our goodwill or amortizable intangible assets may not be recoverable, include a decline in the market price of our common stock and market capitalization, reduced future cash flow estimates, and slower growth rates in industry segments in which we participate. We may be required to record a significant charge in our consolidated financial statements during the period in which any impairment of our goodwill or amortizable intangible assets is determined, adversely affecting our results of operations.

### **Risks Related to the Operation of Our Business**

***Our international operations expose us to additional risks, and changes in global economic and political conditions could adversely affect our international operations, our revenue and our net income.*** Approximately 41% of our total fiscal 2024 revenue was generated from sales outside North America. Political and/or financial instability, oil price shocks and armed conflict in various regions of the world, including, but not limited to, Russia/Ukraine conflict and the armed conflicts involving Israel, can lead to economic uncertainty and may adversely impact our business. Political instability may lead to significant, continuing volatility in global stock markets and currency exchange rate fluctuations. If customers' buying patterns, decision-making processes, timing of expected deliveries and timing of new projects unfavorably change due to economic or political conditions, there would be a material adverse effect on our business, financial condition and operating results.

Other potential risks inherent in our international business include:

- longer payment cycles;

- credit risk and higher levels of payment fraud;
- greater difficulties in accounts receivable collection;
- varying regulatory and legal requirements;
- compliance with international and local trade, labor and export control laws;
- restrictions on the transfer of funds;
- difficulties in developing, staffing, and simultaneously managing a large number of varying foreign operations as a result of distance, legal impediments and language and cultural differences;
- reduced or minimal protection of intellectual property rights in some countries;
- laws and business practices that favor local competitors or prohibit foreign ownership of certain businesses;
- changes in U.S. or foreign trade policies or practices that increase costs or restrict the distribution of products;
- seasonal reductions in business activity during the summer months in Europe and certain other parts of the world;
- economic instability in emerging markets; and
- potentially adverse tax consequences.

Any one or more of these factors could have a material adverse effect on our international operations, and, consequently, on our business, financial condition and operating results.

In addition, our business has been, and could in the future be, adversely affected by regional or global health crises. A significant outbreak of contagious diseases, other adverse public health developments, or the fear of such events that results in a widespread health crisis could adversely affect global supply chains and the economies and financial markets of many countries. Any prolonged economic disruption could affect demand for our products and services and adversely impact our business, financial condition and results of operations.

***If our security measures are breached, our products and services may be perceived as not being secure, customers may curtail or stop using our products and services, and we may incur significant legal and financial exposure, including but not limited to from loss of customer or company data, loss of customers or otherwise.*** Our products and services involve the storage and transmission of our customers' proprietary information and may be vulnerable to unauthorized access, computer viruses, cyber-attacks, distributed denial of service attacks and other disruptive problems. Individual and groups of hackers and sophisticated organizations, including state-sponsored organizations or nation-states, continuously undertake attacks that pose threats to our customers and our software products, and we have experienced cybersecurity incidents in which such actors have gained unauthorized access to our IT systems and data, including customer systems and data. For example, as disclosed on December 19, 2022, following the detection of irregular activity on certain portions of our corporate network, we engaged outside cybersecurity experts and other incident response professionals to conduct a forensic investigation and assess the extent and scope of the cyber incident (the "November 2022 Cyber Incident"). During the investigation, we and our external advisors uncovered evidence of unauthorized access to our corporate network, including evidence that certain company data had been exfiltrated. As demonstrated by the November 2022 Cyber Incident, due to the actions of outside parties, employee error, malfeasance, or otherwise, an unauthorized party may obtain access to our data or our customers' data, which could result in its theft, destruction, corruption or misappropriation and thus legal and financial exposure. Security risks in recent years have increased significantly given the increased sophistication and activities of hackers, organized crime, including state-sponsored organizations and nation-states, and other outside parties. Cyber threats are continuously evolving, increasing the difficulty of defending against them. Increased risks of such attacks and disruptions also exist due to the Russian invasion of Ukraine beginning in February 2022. While we have implemented security procedures and controls aimed at addressing these threats, our security measures could be compromised, could prove to be inadequate or could fail. Any security breach or unauthorized access could result in significant legal and financial exposure, increased costs to defend litigation, indemnity and other contractual obligations, government fines and penalties, damage to our reputation and our brand, and a loss of confidence in the security of our products and services that could potentially have an adverse effect on our business and results of operations. Breaches of our network could disrupt our internal systems and business applications, including services provided to our customers. Additionally, data breaches could compromise technical and proprietary information, harming our competitive position. We may need to spend significant capital or allocate significant resources to protect against the threat of security breaches or to address security related concerns. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed and we could lose customers. In addition, our insurance coverage may not be adequate to cover all costs related to cybersecurity incidents and the disruptions resulting from such events.

***If our products contain software defects or security flaws, it could harm our revenues by causing us to lose customers and could increase our liabilities by exposing us to costly governmental investigations or litigation. For example, the exploitation of the zero-day MOVEit Vulnerability in May 2023 has resulted in informal government inquiries, three formal government investigations, and private litigation.*** Our products, despite extensive testing and quality control, may, and at times do, contain defects, vulnerabilities or security flaws. In the ordinary course of business, we may need to issue corrective releases of our software products to fix any defects, vulnerabilities, or security flaws. Depending upon the severity of any such matters, the detection and correction of such matters can be time consuming and costly. If any such issues are exploited by malicious threat actors, we could experience, among other things, material adverse impact to our revenues due to loss of customers and increased liabilities due to costly governmental

investigations or litigation. In addition, any such matters could affect the ability of our products to work with hardware or other software products, delay the development or release of new products or new versions of products (due to a reallocation of our internal resources), and/or adversely affect market acceptance of our products, all of which could have a material adverse effect on our operating results and cash flows.

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 via a "zero-day vulnerability" that could provide for unauthorized escalated privileges and access to the customer's underlying environment (the "MOVEit Vulnerability"). A "zero-day vulnerability" is a vulnerability that has been publicly disclosed and/or exploited (e.g., by an independent researcher or threat actor) before the software vendor has an opportunity to patch it. We continue to monitor the impact of the MOVEit Vulnerability on our business, operations, and financial results. MOVEit Transfer and MOVEit Cloud represented less than 4% in aggregate of our revenue for the fiscal year ended November 30, 2024.

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 the Judicial Panel on Multidistrict Litigation transferred to the District of Massachusetts for coordinated and consolidated proceedings (the "MDL"). The MDL has also consolidated the previously disclosed insurance subrogation claim (where an insurer is seeking recovery for expenses incurred on behalf of its insured in connection with the MOVEit Vulnerability) and, as of the date of this filing, one customer cross-claim.

We have also been cooperating with inquires and investigations from: (i) several domestic and foreign data privacy regulators (as of the date of this filing, we have assisted with all inquiries and investigations, a number of which have been formally closed without regulatory action), (ii) several state attorneys general (as of the date of this filing, we have assisted with all inquiries and investigations, and are not aware of any enforcement or regulatory actions directed against Progress), (iii) a U.S. federal law enforcement agency (as of the date of this filing, we have assisted with all inquiries under this investigation and this is not an enforcement action or formal governmental investigation targeting Progress), and (iv) on December 21, 2023, we received a preservation notice from the Federal Trade Commission (the "FTC"), but have not otherwise received a request for information, nor is Progress aware of any formal FTC investigation.

In addition to the above, and as disclosed in prior filings, we received a subpoena from the SEC's Division of Enforcement on October 2, 2023, as part of a fact-finding inquiry seeking various documents and information relating to the MOVEit Vulnerability. In a letter dated August 7, 2024, the SEC notified us that it had concluded its investigation and did not intend to recommend an enforcement action against us (the "Termination Letter"). The Termination Letter was provided under the guidelines set out in the final paragraph of Securities Act Release No. 5310.

Our financial liability arising from any of the foregoing will depend on many factors, including the progression of the MDL; therefore, we are unable at this time to estimate the quantitative impact of any such liability with any reasonable degree of certainty. As our litigation response continues, we will continue to assess the potential impact of the MOVEit Vulnerability on our business, operations, and financial results.

The claims and investigations described above may have an adverse effect on how we operate our business and our results of operations, and in the future, we may be subject to additional governmental or regulatory investigations, as well as additional litigation or indemnification claims related to the MOVEit Vulnerability. Following the discovery of the MOVEit Vulnerability and the various remedial actions previously described, we have discovered and patched additional vulnerabilities within the MOVEit Transfer and MOVEit Cloud platforms. While we are currently not aware of any evidence that these additional vulnerabilities were exploited by malicious threat actors, we cannot guarantee that we have or will uncover and/or address all vulnerabilities within the MOVEit platform or any of our other products prior to exploitation by threat actors.

***Our business could be damaged, and we could be subject to liability, in the event of any unauthorized access to our data or our customers' data, including through privacy and data security breach.*** The use of certain of our products, including MOVEit Cloud and ShareFile, involves the transmission or storage of third-party data in our environment, some of which may be considered personally identifiable, confidential, or sensitive. In the ordinary course of business, we face security threats from malicious threat actors that could obtain unauthorized access to our systems, infrastructure, products, and networks. We anticipate that these threats will continue to grow in scope and complexity over time, particularly as we acquire new products and a larger proportion of our revenues derive from products that transmit or store sensitive data.

While we endeavor to continue mitigating security risks for our products, malicious threat actors might use techniques to exploit other zero-day vulnerabilities or use other means that we are unable to defend against, in order to compromise and infiltrate our systems, infrastructure, networks, and products, including, but not limited to, MOVEit, ShareFile or other products.

While we devote significant resources to cyber security related matters in the operation of our business, we may fail to detect the existence of a breach and be unable to prevent unauthorized access to user and company content across our systems, infrastructure, products, and networks. The techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and are often not recognized until launched against a target. They may originate from less regulated or remote areas around the world, or from state-sponsored actors. If our security measures are breached, we may suffer reputational damage, our products may be perceived as insecure, and we may lose existing customers or fail to attract and retain new customers.

In addition to internal resources, we frequently rely on third parties when deploying our cybersecurity related infrastructure, and in doing so, may be exposed to security risks outside of our direct control. In connection therewith, we rely on outside vendors and contractors to perform certain services necessary for the operation and testing of certain of our products, and they may fail to adequately secure our platform or discover vulnerabilities in our products.

While we have implemented security procedures and controls aimed at addressing these threats and patching vulnerabilities, our security measures could be compromised and our attempts to implement security measures and patch vulnerabilities could prove to be inadequate or could fail. Any such failure could result in significant legal and financial exposure, increased costs to defend litigation, indemnity and other contractual obligations, government fines and penalties, damage to our reputation and our brand, and a loss of confidence in the security of our products and services that could potentially have an adverse effect on our business and results of operations. In addition, our insurance coverage may not be adequate to cover all costs related to cybersecurity incidents or the exploitation of vulnerabilities as well as the disruptions and liabilities resulting from such events.

***A failure of our information technology systems, including a cyber incident, could have a material adverse effect on our business.*** We rely on our technology infrastructure, and the technology infrastructure of third parties, for many functions, including selling our products, supporting our ISVs and other third-party channels, fulfilling orders and billing, and collecting and making payments. This technology infrastructure may be vulnerable to damage or interruption from natural disasters, power loss, telecommunication failures, terrorist attacks, the outbreak of wars or other armed conflicts, the escalation of hostilities, geopolitical tensions or trade wars, acts of terrorism or "acts of God," particularly involving geographies in which we or third parties on whom we depend have operations, computer intrusions or other similar cyber intrusions, vulnerabilities and viruses, software errors, computer denial-of-service attacks and other similar events. A significant number of the systems making up this infrastructure are not redundant, and our disaster recovery planning may not be sufficient for every eventuality. This technology infrastructure may fail or be vulnerable to damage or interruption because of actions by third parties or employee error or malfeasance. In addition, depending upon the severity of any such actions, we may not carry business interruption insurance sufficient to protect us from all losses that may result from interruptions in our services as a result of such technology infrastructure failures or provide us with the ability to cover all contingencies. Any interruption in the availability of our websites and on-line interactions with customers or partners may cause a reduction in customer or partner satisfaction levels, which in turn could cause additional claims, reduced revenue or loss of customers or partners. Despite any precautions we may take, these problems could result in, among other consequences, a loss, destruction, corruption or misappropriation of company or customer data, loss of confidence in the stability and reliability of our offerings, damage to our reputation, and legal liability, all of which may adversely affect our business, financial condition, operating results and cash flows.

***Integration of artificial intelligence into our product offerings and our use of artificial intelligence in our operations could result in reputational or competitive harm, legal liability, and other adverse effects on our business.*** We have integrated, and plan to further integrate, artificial intelligence ("AI") capabilities into certain components of product offerings, and we use and expect to increase the use of AI in our operations. Such integration and use of AI may become more important in our product offerings and operations over time. These AI-related initiatives, whether successful or not, could cause us to incur substantial costs and could result in delays in our software release cadence. Our competitors or other third parties may incorporate AI into their products or operations more quickly or more successfully than we do, which could impair our ability to compete effectively. Additionally, AI algorithms may be flawed and datasets underlying AI algorithms may be insufficient or contain biased information. If the AI tools integrated into our products or that we use in our operations produce analyses or recommendations that are or are alleged to be deficient, inaccurate, or biased, our reputation, business, financial condition, and results of operations may be adversely affected.

Other companies have experienced cybersecurity incidents that implicate confidential and proprietary company data and/or the personal data of end users of AI applications integrated into their software offerings or used in their operations. If we were to experience a cybersecurity incident related to the integration of AI capabilities into our product offerings or our use of AI applications in our operations, our business and results of operations could be adversely affected. AI also presents various emerging legal, regulatory and ethical issues, and the incorporation of AI into our product offerings and our use of AI applications in our operations could require us to expend significant resources in developing, testing and maintaining our product offerings and may cause us to experience brand, reputational, or competitive harm, or incur legal liability. On October 30, 2023, the Biden administration issued an Executive Order to, among other things, establish extensive new standards for AI safety and security. Other jurisdictions may decide to adopt similar or more restrictive legislation that may render the use of such technologies challenging. These restrictions may make it harder for us to conduct our business using AI, lead to regulatory fines or penalties, require us to change our product offerings or business practices, or prevent or limit our use of AI.

***Catastrophic events, including but not limited to cyber events, may disrupt our business.*** We rely on our network infrastructure and enterprise applications, internal technology systems and website for our development, marketing, operations, support and sales activities. In addition, we rely on third-party hosted services, and we do not control the operation of third-party data center facilities, which increases our vulnerability. A disruption, infiltration or failure of these systems or third-party hosted services in the event of a major earthquake, fire, flood, tsunami or other weather event, power loss, telecommunications failure, software or hardware malfunction, pandemic, cyber-attack or other similar interruption to our business, war, terrorist attack or other catastrophic event that our disaster recovery plans do not adequately address, could cause system interruptions, reputational harm, loss of intellectual property, delays in our product development, lengthy interruptions in our services, breaches of data security and loss, destruction, misappropriation or corruption of critical company or customer data. A catastrophic event that results in the loss, destruction, misappropriation, corruption or disruption of any of our data, our customers' data or our data centers or our critical business or information technology systems could severely affect our ability to conduct normal business operations and, as a result, our future operating results could be adversely affected, and the adverse effects of any such catastrophic event would be exacerbated if experienced at the same time as another unexpected and adverse event.

We also depend on third-party service providers to provide the data centers and other infrastructure necessary to certain of our products. Any disruption in the services provided by these third parties or any failure to renew the services could adversely affect the performance of products or result in a loss of user content, resulting in harm to our business and reputation. Customers rely on certain of our products to transfer or process their content. The infrastructure on which our products rely may not be adequately designed with sufficient reliability and redundancy to avoid performance delays or outages and/or may not be scalable to meet increasing user demands. If our products are unavailable when users attempt to access them, or if the products do not load or perform as quickly as users expect, they may decrease or discontinue their use of our products, which could be harmful to our business, results of operations, and financial condition. Our third-party service providers along with their datacenters and other facilities are also vulnerable to damage or interruption from human error, intentional bad acts, security breaches and other catastrophic events, any of which could disrupt the availability of our products and/or compromise or destroy user content, which could be harmful to our business, results of operations, and financial condition.

***Adverse developments in our relationships with sales channel partners could harm our revenues and results of operations.*** We recognize a substantial portion of our revenue from sales made through third parties, including our ISVs, distributors/resellers, and OEMs, and our future results depend in large part upon our continued successful distribution of our products through these channels. The activities of these third parties are not within our direct control. Our failure to manage our relationships with these third parties effectively could impair the success of our sales, marketing and support activities. A reduction in the sales efforts, technical capabilities or financial viability of these parties, a misalignment of interest between us and them, or a termination of our relationship with a major ISV, distributor/reseller, or OEM could have an adverse effect on our sales and financial results. Any adverse effect on any of our ISV's, distributors'/resellers', or OEMs' businesses related to competition, pricing and other factors could also have a material adverse effect on our business, financial condition and operating results.

***Our customers and partners may seek refunds, delay implementation timelines, delay payment, fail to pay us in accordance with the terms of their agreements, decline renewals or upgrades, or reduce or terminate use of our products, all of which can have an adverse effect on us.*** Customers and partners may not renew or reduce their use of our products due to various factors, such as dissatisfaction with our products (including features, user experience, or support), pricing, no longer having a need for our products, the availability of competitive products, or the impact of macroeconomic trends or catastrophic events. Our business depends on our ability to retain and expand relationships with customers, and any decline in renewals or failure to expand business relationships with customers consistent with our past experience could adversely affect our future results of operations. Moreover, if customers or partners seek refunds, delay implementation of our products, delay payment, fail to pay us under the terms of our agreements, or terminate use of our products, we may be adversely affected both from the inability to collect amounts due and the cost of enforcing the terms of our contracts (including litigation related thereto).

In addition, in the ordinary course of business, some of our customers and partners may seek bankruptcy protection or other similar relief and fail to pay amounts due to us, or pay those amounts more slowly, either of which could adversely affect our operating results, financial position and cash flow.

***We rely on the experience and expertise of our skilled employees, and must continue to attract and retain qualified technical, marketing and managerial personnel in order to succeed.*** Our future success will depend in large part upon our ability to attract and retain highly skilled technical, managerial, sales and marketing personnel. There is significant competition for such personnel in the software industry. We may not continue to be successful in attracting and retaining the personnel we require to develop new and enhanced products and to continue to grow and operate profitably.

***We have relationships with third parties to provide, develop, and create applications that integrate with certain of our products, and our business could be harmed if we are unable to continue these relationships.*** We use software and services licensed and procured

from third parties. We may need to obtain additional licenses and services from third parties to utilize the intellectual property and technology associated with the development of our products, which might not be available to us on acceptable terms, or at all. Any loss of the right to use any software or services required for the development and maintenance of our products could harm our business. Any errors or defects in third-party software or services could result in errors or a failure of our products, which could harm our business, results of operations, and financial condition.

***Certain of our products depend on interoperability with various devices, operating systems, and third-party applications that we do not control.*** An important feature of many of our products is their compatibility with a wide range of devices, operating systems, and third-party applications. Such products depend on accessibility across these third-party systems and applications, which are constantly evolving and usually outside of our control. We may not always be able to modify our products to ensure compatibility with these third-party services following their updates and upgrades. If we cannot ensure compatibility, our business, results of operations, and financial condition could be adversely affected.

### **Risks Related to Laws and Regulations**

***We are subject to risks associated with compliance with laws and regulations globally, which may harm our business.*** We are a global company subject to varied and complex laws, regulations and customs, both domestically and internationally. These laws and regulations relate to many core aspects of our business, including data privacy or related privacy practices, AI, corporate governance, securities regulations, anti-trust and competition, anti-corruption, sanctions and trade protection, and import and export control. The application of these laws and regulations to our business is often unclear and may at times conflict on a domestic or international basis. For example, data privacy and AI regulations are evolving rapidly in many jurisdictions, often with extremely punitive penalties. Compliance with these laws and regulations may involve significant costs or require changes in our business practices that result in reduced revenue and profitability. Non-compliance could also result in fines, damages, criminal sanctions against us, our officers or our employees, prohibitions on the conduct of our business, and damage to our reputation.

***Our business practices with respect to the collection, use and management of personal information could give rise to operational interruption, liabilities or reputational harm as a result of governmental regulation, legal requirements or industry standards relating to consumer privacy and data protection.*** As regulatory focus on privacy issues continues to increase and worldwide laws and regulations concerning the handling of personal information expand and become more complex, potential risks related to data collection and use within our business will intensify. For example, the regulatory environment applicable to the handling of the European Economic Area ("EEA") residents' personal data, which is governed by the General Data Protection Regulation of 2018 ("GDPR") and/or respectively the national data protection laws of United Kingdom, Switzerland, and other countries in which we operate, may cause us to assume additional liabilities, obligations or incur additional costs, and could result in our business, operating results and financial condition being harmed. Additionally, we and our customers may face a risk of enforcement actions by the competent data protection authorities relating to personal data transfers to us and by us from the EEA and other jurisdictions which have country specific data transfer requirements. Any such enforcement actions could result in substantial costs and diversion of resources, distract management and technical personnel and adversely affect our business, operating results and financial condition.

In addition, governmental entities in the U.S. and other countries have enacted or are considering enacting legislation or regulations or may in the near future interpret existing legislation or regulations, in a manner that could significantly impact our ability and the ability of our customers and data partners to collect, augment, analyze, use, transfer and share personal and other information that is integral to certain business functions. For example, U.S. states like Texas and Oregon enacted data privacy laws that took effect in 2024, both of which expanded the consumer's privacy rights and the obligations to the organizations doing business in those states. Other U.S. state legislatures have also implemented varying privacy laws and regulations, or are considering implementing legislation that we expect to become effective in the near term. Moreover, several privacy bills are under congressional review at the U.S. federal level.

Changes in laws or regulations associated with the enhanced protection of certain types of sensitive data, such as healthcare data or other personal information, could greatly increase our cost of providing our products and services or even prevent us from offering certain services in jurisdictions that we operate. Regulators globally are also imposing greater monetary fines for privacy violations (e.g., non-compliance with the GDPR may result in monetary penalties of up to 4% of worldwide revenue). Additionally, public perception and standards related to the privacy of personal information can shift rapidly, in ways that may affect our reputation or influence regulators to enact regulations and laws that may limit our ability to provide certain products. Any failure, or perceived failure, by us to comply with U.S. federal, state, or international laws and regulations, including laws and regulations regulating privacy, data security, or consumer protection, or other policies, public perception, standards, self-regulatory requirements or legal obligations, could result in lost or restricted business, proceedings, actions or fines brought against us or levied by governmental entities or others, or could adversely affect our business and harm our reputation.

***We could incur substantial cost in protecting our proprietary software technology and if we fail to protect our technology, we could incur material harm to our business.*** We rely principally on a combination of contract provisions and copyright, trademark, patent and trade secret laws to protect our proprietary technology. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or to obtain and use information that we regard as proprietary. Policing unauthorized use of our products is difficult. Litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade

secrets or to determine the validity and scope of the proprietary rights of others. This litigation could result in substantial costs and diversion of resources, whether or not we ultimately prevail on the merits. The steps we take to protect our proprietary rights may be inadequate to prevent misappropriation of our technology; moreover, others could independently develop similar technology.

***We could be subject to claims that we infringe intellectual property rights of others, which could harm our business, financial condition, and results of operations.*** Third parties could assert infringement claims in the future with respect to our products and technology, and such claims might be successful. Litigation relating to any such claims could result in substantial costs and diversion of resources, whether or not we ultimately prevail on the merits. Any such litigation could also result in our being prohibited from selling one or more of our products, unanticipated royalty payments, reluctance by potential customers to purchase our products, or liability to our customers and could have a material adverse effect on our business, financial condition, and operating results.

***Contracting with government entities exposes us to additional risks inherent in the government procurement process.*** We provide products and services, directly and indirectly, to a variety of government entities, both domestically and internationally. Risks associated with licensing and selling products and services to government entities include more extended sales and collection cycles, varying governmental budgeting processes and adherence to complex procurement regulations and other government-specific and contractual requirements, including with respect to ongoing compliance. We may be subject to audits and investigations relating to our government contracts and any violations could result in various civil and criminal penalties and administrative sanctions, including termination of contracts for default or for the convenience of the government, payment of fines, and suspension or debarment from future government business, as well as harm to our reputation and financial results.

### **Risks Related to Financial Performance or General Economic Conditions**

***Weakness in the U.S. and international economies may result in fewer sales of our products and may otherwise harm our business.*** We are subject to risks arising from adverse changes in global economic conditions, especially those in the U.S., Europe and Latin America. If global economic conditions weaken, credit markets tighten and/or financial markets become unstable, customers may delay, reduce or forego technology purchases, both directly and through our ISVs, resellers/distributors and OEMs. This could result in reductions in sales of our products, longer sales cycles, slower adoption of new technologies and increased price competition. Further, deteriorating economic conditions could adversely affect our customers and their ability to pay amounts owed to us (see *Our customers and partners may seek refunds, delay implementation timelines, delay payment, fail to pay us in accordance with the terms of their agreements, decline renewals or upgrades, or reduce or terminate use of our products, all of which can have an adverse effect on us*). If the U.S. and other international economies experience inflationary pressures, our expenses (including the cost of labor) may increase, credit and securities markets may be adversely affected, and customer demand for our products and their ability to make payments may be impacted. Any of these events would likely harm our business, financial condition, and results of operations.

***We are currently operating in a period of economic uncertainty and capital markets disruption due to various geopolitical and macro-economic factors, which may materially adversely affect our business, financial condition, and results of operations.*** The overall macro global economy, including ongoing military conflicts in Ukraine and the Middle East, and increasing tensions between the U.S. and China, remain unpredictable and has already led to market disruptions, including volatile capital markets, higher interest rates and debt capital costs, diminished liquidity and credit availability, declines in consumer confidence and discretionary spending, as well as supply chain disruptions and increases in costs of certain raw materials and transportation, which have in turn contributed to global inflationary pressures. Prolonged unrest, military activities, or broad-based sanctions could have a material adverse effect on our operations and business outlook. Given our meaningful reliance on revenue generated outside of North America (which constituted 41% of our total revenue in fiscal 2024) and our reliance on revenue generated in EMEA (which constituted 33% of our total revenue in fiscal 2024), disruption of commercial activities in these regions may materially adversely affect our financial condition and results of operations. Although we cannot predict what the impacts may be, our global operations and reliance on interconnected technology increase the risk to our operations.

***Fluctuations in foreign currency exchange rates or interest rates have had, and could continue to have, an adverse impact on our financial condition and results of operations.*** Changes in the value of foreign currencies relative to the U.S. dollar and related changes in interest rates have adversely affected our results of operations and financial position and could continue to do so. In recent periods, as the value of the U.S. dollar has strengthened in comparison to certain foreign currencies (particularly in EMEA), our reported international revenue has been reduced because foreign currencies translate into fewer U.S. dollars. As approximately one-third of our revenue is denominated in foreign currencies, these exchange rate fluctuations have impacted, and we expect will continue to impact, our revenue results. Please see Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 for additional information. We seek to reduce our exposure to fluctuations in exchange rates by entering into foreign exchange forward contracts to hedge certain actual and forecasted transactions of selected currencies (mainly in Europe, Brazil, India and Australia); however, our currency hedging transactions may not be effective in reducing the adverse impact of fluctuations in foreign currency exchange rates. Further, as geopolitical volatility around the world increases, there is increasing risk of the imposition of exchange or price controls, or other restrictions on the conversion of foreign currencies, which could have a material adverse effect on our business, financial condition and operating results.

**Revenue forecasting is uncertain, and the failure to meet our forecasts could result in a decline in the market price of our common stock.** Our revenues, particularly new software license revenues or economic impacts from M&A activities, are difficult to forecast. We use a pipeline system to forecast revenues and trends in our business. Our pipeline estimates may prove to be unreliable either in a particular quarter or over a longer period of time, in part because the conversion rate of the pipeline into contracts can be difficult to estimate and requires management judgment. A variation in the conversion rate could cause us to plan or budget incorrectly and result in a material adverse impact on our business or our planned results of operations. Furthermore, most of our expenses are relatively fixed, including costs of personnel and facilities. Thus, an unexpected reduction in our revenue, or failure to achieve the anticipated rate of growth or realize synergies from M&A activity, would have a material adverse effect on our profitability. If our operating results do not meet our publicly stated guidance or the expectations of investors or analysts, the market price of our common stock may decline.

**Our revenue and quarterly results may fluctuate, which could adversely affect the market price of our common stock.** We have experienced, and may in the future experience, significant fluctuations in our quarterly operating results that may be caused by many factors. These factors include:

- changes in demand for our products;
- introduction, enhancement or announcement of products by us or our competitors;
- market acceptance of our new products, including acquired products;
- the growth rates of certain market segments in which we compete;
- size and timing of significant orders;
- a high percentage of our revenue is generated in the third month of each fiscal quarter and any failure to receive, complete or process orders at the end of any quarter could cause us to fall short of our revenue targets;
- budgeting cycles of customers;
- mix of distribution channels;
- mix of products and services sold;
- mix of international and North American revenues;
- fluctuations in currency exchange rates;
- changes in the level of operating expenses, including unforeseen expenses incurred in connection with items such as cyber security instances;
- changes in management;
- restructuring programs;
- changes in our sales force;
- completion or announcement of acquisitions by us or our competitors;
- integration of acquired businesses or inability to realize expected synergies;
- customer order deferrals in anticipation of new products announced by us or our competitors;
- general economic conditions in regions in which we conduct business; and
- other factors such as political or social unrest, terrorist attacks, other hostilities, natural disasters, cyber-attacks, and potential public health crises, such as pandemics.

The market price of our common stock, like that of other technology companies, is volatile and is subject to wide fluctuations in response to quarterly variations in operating results, announcements of technological innovations or new products by us or our competitors, changes in financial estimates by securities analysts or other events or factors. The market price of our common stock may also be affected by broader market trends unrelated to our performance. As a result, purchasers of our common stock may be unable at any given time to sell their shares at or above the price they paid for them.

**Changes in accounting principles and guidance, or their interpretation or implementation, may materially adversely affect our reported results of operations or financial position.** We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") These principles are subject to interpretation by the SEC and various bodies formed to create and interpret appropriate accounting principles and guidance. A change in these principles or guidance, or in their interpretations, may have a significant effect on our reported results, as well as our processes and related controls.

**We may have exposure to additional tax liabilities.** As a multinational corporation, we are subject to income taxes in the U.S. and various foreign jurisdictions. Significant judgment is required in determining our global provision for income taxes and other tax liabilities. In the ordinary course of a global business, there are many intercompany transactions and calculations where the ultimate tax determination is uncertain. Our income tax returns are routinely subject to audits by tax authorities. Although we regularly assess the likelihood of adverse outcomes resulting from these examinations to determine our tax estimates, a final determination of tax audits that is inconsistent with such assessments or tax disputes could have an adverse effect on our financial condition, results of operations and cash flows.

We are also subject to non-income taxes, such as payroll, sales, use, value-added, net worth, property and goods and services taxes in the U.S. and various foreign jurisdictions. We are regularly under audit by tax authorities with respect to these non-income taxes and may have exposure to additional non-income tax liabilities, which could have an adverse effect on our results of operations, financial condition and cash flows.

In addition, our future effective tax rates could be favorably or unfavorably affected by changes in tax rates, changes in the valuation of our deferred tax assets or liabilities, or changes in tax laws including Pillar Two legislation adopted as part of the Organization for Economic Cooperation and Development ("OECD") inclusion Framework, which established a global minimum corporate tax rate of 15% for certain multinational enterprises, or the interpretation of such laws. Such changes could have a material adverse impact on our financial results.

### **Risks Related to our Indebtedness and Convertible Senior Notes**

***Our indebtedness and liabilities could limit the cash flow available for our operations and expose us to risks that could adversely affect our business, financial condition and results of operations.*** As of November 30, 2024, we had approximately \$1.5 billion of consolidated indebtedness. We may also incur additional indebtedness to meet future financing needs. Our indebtedness could have significant adverse consequences for our security holders and our business, results of operations and financial condition by, among other things:

- increasing our vulnerability to adverse economic and industry conditions;
- limiting our ability to obtain additional financing;
- requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, which will reduce the amount of cash available for other purposes;
- limiting our flexibility to plan for, or react to, changes in our business;
- diluting the interests of our existing stockholders as a result of issuing shares of our common stock upon conversion of our Convertible Senior Notes with an aggregate principal amount of \$360 million, due April 15, 2026, and an aggregate principal amount of \$450 million, due March 1, 2030 (together, the "Notes"); and
- placing us at a possible competitive disadvantage with competitors that are less leveraged than us or have better access to capital.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our current or future indebtedness, including the Notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate sufficient funds, and we may otherwise be unable to maintain sufficient cash reserves, to pay amounts due under our current or future indebtedness, including the Notes, and our cash needs may increase in the future. In addition, our credit facility contains, and any future indebtedness that we may incur may contain, financial and other restrictive covenants that limit our ability to operate our business, raise capital or make payments under our other indebtedness. If we fail to comply with these covenants or to make payments under our indebtedness when due, then we would be in default under that indebtedness, which could, in turn, result in that and our other indebtedness becoming immediately payable in full.

***We are required to comply with certain financial and operating covenants under our Credit Facility and to make scheduled debt payments as they become due; any failure to comply with those covenants or to make scheduled payments could cause amounts borrowed under the facility to become immediately due and payable or prevent us from borrowing under the facility.*** In March 2024, we entered into a Fourth Amended and Restated Credit Agreement (the "Credit Agreement"), which provides for a \$900.0 million secured revolving credit facility (which may be increased if the existing or additional lenders are willing to make such increased commitments) (the "Credit Facility"). This Credit Facility matures in March 2029, at which time any amounts outstanding will be due and payable in full. We may wish to borrow additional amounts under the facility in the future to support our operations, including for strategic acquisitions and share repurchases.

We are required to comply with specified financial and operating covenants and to make scheduled repayments of our term loan, which may limit our ability to operate our business as we otherwise might operate it. Our failure to comply with any of these covenants or to meet any payment obligations under the facility could result in an event of default which, if not cured or waived, would result in any amounts outstanding, including any accrued interest and unpaid fees, becoming immediately due and payable. We might not have sufficient working capital or liquidity to satisfy any repayment obligations in the event of an acceleration of those obligations. In addition, if we are not in compliance with the financial and operating covenants at the time we wish to borrow funds, we will be unable to borrow funds.

***The capped call transactions may affect the market price of our common stock.*** In connection with the issuance of the Notes, we entered into capped call transactions with certain financial institutions ("option counterparties"). The capped call transactions are generally expected to reduce the potential dilution to our common stock upon any conversion of the Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted Notes, as the case may be, with such reduction and/

or offset subject to a cap. From time to time, the option counterparties that are parties to the capped call transactions or their respective affiliates may modify their hedge positions by entering into or unwinding various derivative transactions with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the Notes. This activity could cause a decrease in the market price of our common stock.

***The conditional conversion feature of the Notes, if triggered, may adversely affect our financial condition and operating results.*** Noteholders may require us to repurchase their Notes following a fundamental change at a cash repurchase price generally equal to the principal amount of the Notes to be repurchased, plus accrued and unpaid interest, if any. In addition, all conversions of Notes will be settled partially or entirely in cash. We may not have enough available cash or be able to obtain financing at the time we are required to repurchase the Notes or pay the cash amounts due upon conversion. In addition, applicable law, regulatory authorities and the agreements governing our other indebtedness may restrict our ability to repurchase the Notes or pay the cash amounts due upon conversion. Our failure to repurchase Notes or to pay the cash amounts due upon conversion when required will constitute a default under the indenture governing the terms of the Notes. A default under the indenture or the fundamental change itself could also lead to a default under agreements governing our other indebtedness, which may result in that other indebtedness becoming immediately payable in full. If the repayment of such other indebtedness were to be accelerated after any applicable notice or grace periods, then we may not have sufficient funds to repay that indebtedness and repurchase the Notes or make cash payments upon their conversion.

***We are subject to counterparty risk with respect to the capped call transactions, and the capped call may not operate as planned.*** The option counterparties are financial institutions, and we are subject to the risk that any or all of them might default under the capped call transactions. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. Global economic conditions have from time to time resulted in the actual or perceived failure or financial difficulties of many financial institutions. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the capped call transactions with such option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price subject to the cap and in the volatility of our common stock. In addition, upon a default by an option counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the option counterparties.

***Provisions in the indenture could delay or prevent an otherwise beneficial takeover of us.*** Certain provisions in the Notes and the indenture could make a third party attempt to acquire us more difficult or expensive. For example, if a takeover constitutes a fundamental change, then Noteholders will have the right to require us to repurchase their Notes for cash. In addition, if a takeover constitutes a make-whole fundamental change, then we may be required to temporarily increase the conversion rate. In either case, and in other cases, our obligations under the Notes and the indenture could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management, including in a transaction that Noteholders or holders of our common stock may view as favorable.

***Conversion of the Notes may dilute the ownership interest of existing stockholders.*** The conversion of some or all of the Notes will dilute the ownership interests of existing stockholders to the extent we deliver shares of our common stock upon conversion of any of the Notes. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the Notes may encourage short selling by market participants because the conversion of the Notes could be used to satisfy short positions, or anticipated conversion of the Notes into shares of our common stock could depress the price of our common stock.

#### **Item 1B. Unresolved Staff Comments**

As of the date of this report, we do not have any open comments from the SEC related to our financial statements or periodic filings.

#### **Item 1C. Cybersecurity**

##### **Risk Management and Strategy**

We maintain a comprehensive cybersecurity program and continuously assess our approach against industry best practices. Our focus on cybersecurity risk management, including risk identification, analysis, and response, centers on the following areas:

- Enterprise security: We reference industry-accepted control frameworks, compliance regulations, privacy requirements and best practices.
- Product security: Our development teams participate in regular training and adopt industry best practices to enhance the security of our product portfolio.
- Threat landscape analysis: We continuously assess emerging threat vectors and the evolving data privacy regulatory environment.
- Incident response: We continuously monitor the threat landscape and our systems in coordination with an external monitoring firm and regularly test our incident response preparedness.

We actively participate in the cybersecurity community to stay current regarding best practices and continuously improve our security awareness posture. Our employees are engaged in security and privacy awareness training to enhance the protection of our systems and data. In addition, we incorporate data and privacy protection education in our customer engagement through ongoing resources, such as best practices content and security consultations. We also assess third-party service providers for cybersecurity risks at onboarding, refreshing as needed throughout our engagement.

We also engage third-party resources to assist in our cybersecurity program, including annual ISO 27001 assessments of our cybersecurity program, validation of our SOC2 controls' operational effectiveness for certain products, and retaining leading cybersecurity experts as needed in response to cybersecurity incidents and for other consultative needs (e.g., due diligence of potential acquisitions).

### **Governance**

Our multi-level cybersecurity governance and risk management structure begins with our management-level Enterprise Risk Management ("ERM") Committee, which consists of cross-functional management representatives throughout Progress. The ERM Committee receives detailed cybersecurity information from key security personnel, led by our Chief Information Security Officer ("CISO"), and reports to Progress' Chief Executive Officer, Chief Financial Officer, Chief Information Officer, Chief Legal Officer, and other members of CEO Staff at least quarterly.

Our CISO has significant information technology experience, having served in various roles in information technology and information security for more than 20 years, including serving in various cybersecurity leadership roles within public and private companies. He holds an undergraduate degree in management and obtained CISO Executive Education Certification from Carnegie Mellon University. Cybersecurity leaders reporting to our CISO also have significant relevant experience and industry recognized certifications.

Our CISO has routinely reported to the Audit Committee of our Board of Directors at the Audit Committee's regular quarterly meetings, or more frequently as needed. The Audit Committee's duties include, among other things, oversight of risks related to cybersecurity, as well as our broader ERM program. The Audit Committee communicates regularly with our full Board of Directors, which is ultimately responsible for overall risk oversight for Progress.

Additionally, our cybersecurity incident response plans require timely reporting to our Disclosure Committee ("DC") regarding any potentially material cybersecurity incidents. The DC is tasked with evaluating the materiality of any such incidents and is comprised of our Chief Executive Officer, Chief Financial Officer, and Chief Legal Officer, and supported by key leaders across the organization, including our Chief Information Officer and CISO.

Notwithstanding our commitments to cybersecurity, we may not be successful in preventing or mitigating a cybersecurity incident that could have a material adverse effect on us. Please see Item 1A. "Risk Factors" for a discussion of our cybersecurity risks.

### **Item 2. Properties**

We lease our headquarters facility, which includes administrative, sales, support, marketing, product development and distribution functions, in one building totaling approximately 33,000 square feet in Burlington, Massachusetts.

We also maintain offices for administrative, sales, support, marketing, product development and/or distribution purposes in leased facilities in various other locations in North America, including Morrisville and Raleigh, North Carolina, Alpharetta, Georgia, Vienna, Virginia and outside North America, including Sofia, Bulgaria, Limerick, Ireland, Brno, Czech Republic, Bengaluru and Hyderabad, India, Singapore, Singapore and Rotterdam, the Netherlands. The terms of our leases generally range from one to fifteen years.

At the end of fiscal year 2021, we adopted an approach to work that gives our employees more flexibility to choose where to work. Depending on their role, this means that employees can choose their office location, as well as continue to work from home some or all the time. As of November 30, 2024, we have not terminated any significant lease arrangements. We believe our facilities are adequate for the conduct of our business.

### **Item 3. Legal Proceedings**

Please refer to Note 19: Cyber Related Matters to our Consolidated Financial Statements included in Part II Item 8 of this Form 10-K for a discussion of legal proceedings 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 4. Mine Safety Disclosures

Not applicable.

## PART II

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

#### Market and Stockholders

Our common stock trades on the NASDAQ Global Select Market under the symbol "PRGS".

As of December 31, 2024, our common stock was held by approximately 111 stockholders of record. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

#### Recent Sales of Unregistered Equity Securities and Use of Proceeds

All issuances of unregistered securities during fiscal year 2024, if any, have previously been disclosed in filings with the SEC.

#### Stock Repurchases and Dividends

Repurchases of our common stock by month in the fourth quarter of fiscal year 2024 were as follows:

*(in thousands, except per share and share data)*

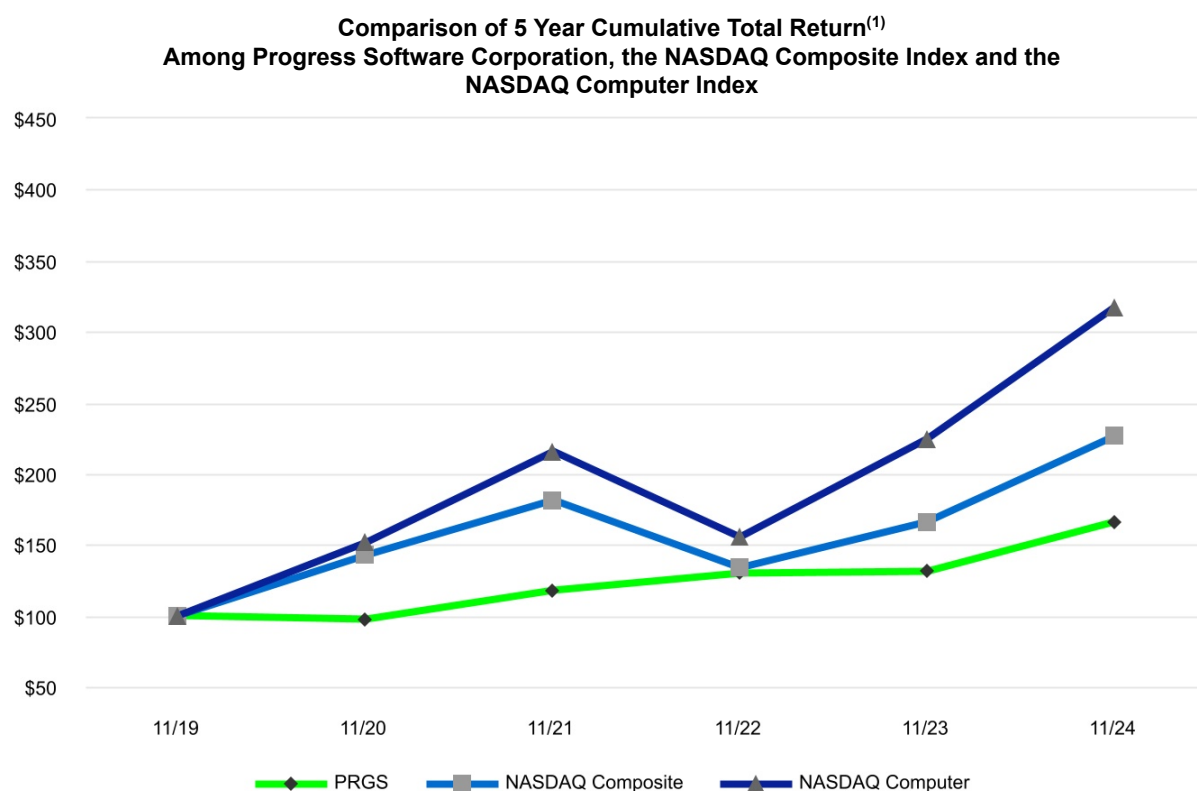
Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
September 2024	—	\$ —	—	\$ 107,220
October 2024	—	—	—	107,220
November 2024	—	—	—	107,220
Total	—	\$ —	—	\$ 107,220

On January 10, 2023, our Board of Directors increased our share repurchase authorization by \$150.0 million, to an aggregate authorization of \$228.0 million. The timing and amount of any shares repurchased will be determined by management based on its evaluation of market conditions and other factors, and the Board of Directors may choose to suspend, expand or discontinue the repurchase program at any time.

We have declared aggregate per share quarterly cash dividends totaling \$0.53 for the year ended November 30, 2024 and \$0.70 for the years ended November 30, 2023 and 2022. We paid aggregate cash dividends totaling \$31.5 million, \$31.6 million and \$31.1 million for the years ended November 30, 2024, 2023 and 2022, respectively. During the fourth quarter of fiscal year 2024, our Board of Directors suspended 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.

## Stock Performance Graph and Cumulative Total Return

The graph below compares the cumulative total stockholder return on our common stock with the cumulative total return on the NASDAQ Composite Index and the NASDAQ Computer Index for each of the last five fiscal years ended November 30, 2024, assuming an investment of \$100 at the beginning of such period and the reinvestment of any dividends.



<sup>(1)</sup> \$100 invested on November 30, 2019 in stock or index, including reinvestment of dividends.

November 30,	2019	2020	2021	2022	2023	2024
Progress Software Corporation	\$ 100.00	\$ 97.50	\$ 117.80	\$ 129.64	\$ 130.95	\$ 166.08
NASDAQ Composite	100.00	142.38	181.35	133.85	166.04	226.47
NASDAQ Computer	100.00	151.46	215.66	155.04	224.69	316.73

## Item 6. [Reserved]

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand the results of operations and financial condition of Progress Software Corporation. MD&A is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and the accompanying Notes to Financial Statements (Part II, Item 8 of this Form 10-K). This section generally discusses the results of our operations for the year ended November 30, 2024 compared to the year ended November 30, 2023. For a discussion of the year ended November 30, 2023 compared to the year ended November 30, 2022, please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended November 30, 2023.

## Forward-Looking Statements

*Certain statements below about anticipated results and our products and markets are forward-looking statements that are based on our current plans and assumptions. Important information about the bases for these plans and assumptions and factors that may cause our actual results to differ materially from these statements is contained below and in Part I, Item 1A. "Risk Factors" of this Annual Report on Form 10-K.*

## 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.

## 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.

A key element of our strategy is centered on the goal of building and maintaining leading products and tools enterprises need to build, deploy, and manage modern, strategic business applications. We offer our products and tools to both new customers and partners, as well as our existing partner and customer ecosystems.

Our organizational philosophy and operating principles focus primarily on customer and partner retention and success, and a streamlined operating approach to drive predictable and stable recurring revenue and high levels of profitability.

We are pursuing a total growth strategy driven by accretive acquisitions of businesses and products that meet our strict strategic, financial, and operating criteria, which help to further our goal of providing stockholder returns. In April 2019, we acquired Ipswitch; in October 2020, we acquired Chef Software; in November 2021, we acquired Kemp Technologies; in February 2023, we acquired MarkLogic; and in October 2024, we acquired ShareFile.

Our capital allocation policy emphasizes accretive M&A, which we believe allows us to expand our business and drive significant stockholder returns. We also utilize share repurchases to return capital to stockholders. We currently intend to continue to repurchase our shares in sufficient quantities to offset dilution from our equity plans and may elect to conduct additional repurchases based on market conditions and other factors.

We expect to continue to pursue acquisitions meeting our financial criteria that are designed to expand our business and drive significant stockholder returns. As a result, our expected uses of cash could change, our cash position could be reduced, and we may incur additional debt obligations to the extent we complete additional acquisitions. However, we currently believe that existing cash balances, together with funds generated from operations and amounts available under our Credit Facility, will be sufficient to finance our operations and meet our foreseeable cash requirements, including stock repurchases to Progress stockholders, through at least the next twelve months.

## Results of Operations

### Business Development

On October 31, 2024, we acquired certain assets and liabilities that comprise the ShareFile Business ("ShareFile") from Cloud Software Group, Inc. and its subsidiaries ("Cloud") for an aggregate purchase price of \$875.0 million in cash, subject to a \$25.0 million working capital credit and certain customary adjustments. The transaction was funded through \$730.0 million in borrowings under our existing \$900.0 million revolving credit facility and cash on hand, resulting in a payment at closing of \$852.7 million. As a result of this acquisition, we recorded \$96.2 million of deferred revenue and \$465.0 million of intangible assets, as further described in Note 7: Business Combinations. The Company expects to recognize additional services revenue, as well as increased amortization expense and interest expense, in future periods as a result of this acquisition.

### Fiscal Year 2024 Compared to Fiscal Year 2023

#### Revenue

<i>(in thousands)</i>	Fiscal Year Ended		Percentage Change	
	November 30, 2024	November 30, 2023	As Reported	Constant Currency
Revenue	\$ 753,409	\$ 694,439	8 %	8 %

The increase in revenue in fiscal year 2024 was driven by the acquisitions of MarkLogic and ShareFile, and growth in sales of our OpenEdge product offerings. MarkLogic was acquired in February 2023 and as a result, only contributed approximately ten months to our fiscal year 2023 results. ShareFile was acquired in November 2024 and its one-month contribution to our fiscal year 2024 results is \$21.1 million.

#### Software License Revenue

<i>(in thousands)</i>	Fiscal Year Ended		Percentage Change	
	November 30, 2024	November 30, 2023	As Reported	Constant Currency
License	\$ 249,331	\$ 220,789	13 %	13 %
<i>As a percentage of total revenue</i>	33 %	32 %		

Software license revenue increased in fiscal year 2024 primarily due to the acquisition of MarkLogic, as well as increases in license sales in OpenEdge.

#### Maintenance and Services Revenue

<i>(in thousands)</i>	Fiscal Year Ended		Percentage Change	
	November 30, 2024	November 30, 2023	As Reported	Constant Currency
Maintenance	\$ 410,556	\$ 401,501	2 %	2 %
<i>As a percentage of total revenue</i>	55 %	58 %		
Services	\$ 93,522	\$ 72,149	30 %	29 %
<i>As a percentage of total revenue</i>	12 %	10 %		
Total maintenance and services revenue	\$ 504,078	\$ 473,650	6 %	6 %
<i>As a percentage of total revenue</i>	67 %	68 %		

Maintenance revenue increased in fiscal year 2024 primarily due to the acquisition of MarkLogic, as well as an increase in maintenance revenue from our OpenEdge product offerings. The increase in maintenance revenue was partially offset by a decrease in Kemp LoadMaster and Chef maintenance revenue. Services revenue increased primarily due to our acquisition of ShareFile.

## Revenue by Region

<i>(in thousands)</i>	Fiscal Year Ended		Percentage Change	
	November 30, 2024	November 30, 2023	As Reported	Constant Currency
North America	\$ 446,995	\$ 411,670	9 %	9 %
<i>As a percentage of total revenue</i>	59 %	59 %		
EMEA	\$ 245,287	\$ 222,862	10 %	9 %
<i>As a percentage of total revenue</i>	33 %	32 %		
Latin America	\$ 20,305	\$ 21,112	(4)%	—%
<i>As a percentage of total revenue</i>	3 %	3 %		
Asia Pacific	\$ 40,822	\$ 38,795	5 %	6 %
<i>As a percentage of total revenue</i>	5 %	6 %		

Total revenue generated in North America increased \$35.3 million, and total revenue generated outside North America increased \$23.6 million, in fiscal year 2024. The increases in North America and EMEA were primarily due to the acquisitions of MarkLogic and ShareFile, as well as growth in sales of our OpenEdge product offerings. Revenue from Latin America decreased slightly due to the negative impact of foreign exchange. Revenue from Asia Pacific increased due to contributions from multiple products.

Total revenue generated in markets outside North America represented 41% of total revenue in fiscal year 2024 and fiscal year 2023.

## Cost of Software Licenses

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	Change
Cost of software licenses	\$ 10,942	\$ 11,153	\$ (211)
<i>As a percentage of software license revenue</i>	4 %	5 %	(2)%

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.

## Cost of Maintenance and Services

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	Change
Cost of maintenance and services	\$ 90,318	\$ 85,255	\$ 5,063
<i>As a percentage of maintenance and services revenue</i>	18 %	18 %	6 %
Components of cost of maintenance and services:			
Personnel Related Costs	\$ 67,732	\$ 63,471	\$ 4,261
Contractors and Outside Services	12,827	13,969	(1,142)
Hosting and Other	9,759	7,815	1,944
Total cost of maintenance and services	\$ 90,318	\$ 85,255	\$ 5,063

Cost of maintenance and services consists primarily of costs of hosting, personnel costs for providing customer support, consulting, and education. The increase year-over-year was primarily due to increased headcount and hosting costs resulting from our acquisitions of MarkLogic and ShareFile, partially offset by decreased contractors and outside services costs.

## Amortization of Acquired Intangibles

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	% Change
Amortization of acquired intangibles	\$ 29,222	\$ 30,169	(3)%
<i>As a percentage of total revenue</i>	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 decrease was due to certain intangible assets becoming fully amortized in the second quarter of fiscal year 2024, partially offset by the addition of MarkLogic and ShareFile acquired intangibles.

### Gross Profit

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	% Change
Gross profit	\$ 622,927	\$ 567,862	10 %
<i>As a percentage of total revenue</i>	83 %	82 %	

Our gross profit increased primarily due to the increase in revenue, partially offset by the increase in costs of maintenance and services.

### Sales and Marketing

<i>(in thousands)</i>	Fiscal Year Ended			
	November 30, 2024	November 30, 2023	Change	
Sales and marketing	\$ 164,570	\$ 156,076	\$ 8,494	5 %
<i>As a percentage of total revenue</i>	22 %	22 %		
Components of sales and marketing:				
Personnel related costs	\$ 142,479	\$ 134,820	\$ 7,659	6 %
Contractors and outside services	3,456	3,890	(434)	(11)%
Marketing programs and other	18,635	17,366	1,269	7 %
Total sales and marketing	\$ 164,570	\$ 156,076	\$ 8,494	5 %

Sales and marketing expenses increased in fiscal year 2024 due to increased personnel related, marketing, and sales events costs associated with our acquisitions of MarkLogic and ShareFile, partially offset by decreases in contractors and outside services costs.

### Product Development

<i>(in thousands)</i>	Fiscal Year Ended			
	November 30, 2024	November 30, 2023	Change	
Product development	\$ 146,342	\$ 132,401	\$ 13,941	11 %
<i>As a percentage of total revenue</i>	19 %	19 %		
Components of product development costs:				
Personnel related costs	\$ 139,646	\$ 126,680	\$ 12,966	10 %
Contractors and outside services	5,651	4,743	908	19 %
Other product development costs	1,045	978	67	7 %
Total product developments costs	\$ 146,342	\$ 132,401	\$ 13,941	11 %

Product development expenses increased in fiscal year 2024 primarily due to increased personnel related costs associated with our acquisitions of MarkLogic and ShareFile, as well as an increase in contractors and outside services costs.

## General and Administrative

<i>(in thousands)</i>	Fiscal Year Ended			
	November 30, 2024	November 30, 2023	Change	
General and administrative	\$ 89,518	\$ 83,157	\$ 6,361	8 %
<i>As a percentage of total revenue</i>	12 %		12 %	
<b>Components of general and administrative:</b>				
Personnel Related Costs	\$ 72,911	\$ 65,858	\$ 7,053	11 %
Contractors and Outside Services	12,186	12,888	(702)	(5)%
Other general and administrative costs	4,421	4,411	10	— %
<b>Total cost of general and administrative</b>	<b>\$ 89,518</b>	<b>\$ 83,157</b>	<b>\$ 6,361</b>	<b>8 %</b>

General and administrative expenses include the costs of our finance, human resources, legal, information systems and administrative departments. General and administrative expenses increased in fiscal year 2024 primarily due to higher personnel related costs associated with our acquisitions of MarkLogic and ShareFile, partially offset by a decrease in contractors and outside services costs.

## Amortization of Intangibles

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	% Change
Amortization of intangibles	\$ 65,290	\$ 66,430	(2)%
<i>As a percentage of total revenue</i>	9 %		10 %

Amortization of 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. The year over year decrease was due to certain intangible assets becoming fully amortized in the second quarter of fiscal year 2024, partially offset by the addition of MarkLogic and ShareFile acquired intangibles.

## Restructuring Expenses

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	% Change
Restructuring expenses	\$ 10,454	\$ 8,407	24 %
<i>As a percentage of total revenue</i>	1 %		1 %

Restructuring expenses recorded in fiscal year 2024 primarily relate to headcount reductions in connection with the restructuring action related to the ShareFile acquisition in November 2024 and to a facility closure in connection with the restructuring action related to the MarkLogic acquisition. See Note 15: Restructuring to our Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for additional details, including types of expenses incurred and the timing of future expenses and cash payments.

## Acquisition-Related Expenses

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	% Change
Acquisition-related expenses	\$ 17,109	\$ 4,704	264 %
<i>As a percentage of total revenue</i>	2 %		1 %

Acquisition-related costs are expensed as incurred and include those costs incurred as a result of a business combination. These costs primarily consist of professional services fees, including third-party legal and valuation-related fees, as well as retention fees. Acquisition-related expenses in fiscal year 2024 were primarily related to the acquisition of ShareFile, as well as our pursuit of other acquisition opportunities. Acquisition-related expenses in fiscal year 2023 were primarily related to our acquisition of MarkLogic.

*Cyber Incident and Vulnerability Response Expenses, Net*

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	% Change
Cyber incident and vulnerability responses expenses, net	\$ 5,641	\$ 6,164	(8)%
<i>As a percentage of total revenue</i>	<i>1 %</i>	<i>1 %</i>	

As previously disclosed, following (i) the detection of irregular activity on certain portions of our corporate network that was disclosed on December 19, 2022 ("November 2022 Cyber Incident"), and (ii) the discovery of the MOVEit Vulnerability that was disclosed on June 5, 2023, in each instance, we engaged outside cybersecurity experts and other incident response professionals to conduct a forensic investigation and assess the extent and scope of these matters. Cyber incident and MOVEit Vulnerability costs relate to the engagement of external cybersecurity experts and other incident response professionals and are net of received and expected insurance recoveries. We did not incur costs related to the November 2022 cyber incident during fiscal year 2024 and do not expect to incur additional costs as the investigation is closed. See Note 19: Cyber Related Matters for further discussion.

*Income from Operations*

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	% Change
Income from operations	\$ 124,003	\$ 110,523	12 %
<i>As a percentage of total revenue</i>	<i>16 %</i>	<i>16 %</i>	

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

*Other (Expense) Income*

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	% Change
Interest expense	\$ (32,012)	\$ (30,780)	4 %
Interest income and other, net	4,734	2,538	87 %
Foreign currency loss, net	(2,461)	(2,624)	(6)%
Total other expense, net	\$ (29,739)	\$ (30,866)	4 %
<i>As a percentage of total revenue</i>	<i>(4)%</i>	<i>(4)%</i>	

Total other expense, net, decreased in fiscal year 2024 due to increases in interest income and other, net, resulting from higher interest rates on our invested cash balance. Interest expense increased due to costs associated with drawing on our revolving line of credit to acquire ShareFile, offset by lower interest rates as a result of our debt refinancing in the second quarter of fiscal year 2024, in which we issued the 2030 Notes and entered into an amended and restated credit facility. Refer to Note 8: Debt, for further discussion. Foreign currency loss decreased year over year due to rate volatility and timing of intercompany and hedge settlement activities.

*Provision for Income Taxes*

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	% Change
Provision for income taxes	\$ 25,826	\$ 9,460	173 %
<i>As a percentage of income before income taxes</i>	<i>27 %</i>	<i>12 %</i>	

Our effective income tax rate was 27% and 12% for fiscal years 2024 and 2023, respectively. The primary reason for the increase in the effective rate was due to the increase in tax expense recorded associated with the change in the Company's indefinite reinvestment assertion during 2024. As a result of the ShareFile acquisition, the Company has determined that a substantial portion of unremitted foreign earnings are no longer indefinitely reinvested. The Company recorded a liability of \$13.7 million related to the taxes expected to be imposed upon the repatriation of unremitted foreign earnings that are not considered indefinitely reinvested.

## Net Income

(in thousands)	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	% Change
Net income	\$ 68,438	\$ 70,197	(3)%
As a percentage of total revenue	9 %	10 %	

### Select Performance Metrics:

Management evaluates 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. Management uses ARR to understand customer trends and the overall health of the Company's business, helping it 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 \$842.0 million and \$578.0 million as of November 30, 2024 and 2023, 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.

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

(in thousands)

	November 30, 2024	November 30, 2023
Cash and cash equivalents	\$ 118,077	\$ 126,958

The decrease in cash and cash equivalents of \$8.9 million from the end of fiscal year 2023 was primarily due to cash outflows of \$852.7 million to acquire ShareFile, \$261.3 million to pay off the balance of the term loan, \$110.0 million to pay off the revolving line of credit, repurchases of common stock of \$86.8 million, dividend payments of \$31.5 million, payment of debt issuance costs of \$6.8 million, purchases of property and equipment of \$5.2 million, and the effect of exchange rates on cash of \$3.2 million. These cash outflows were partially offset by \$730 million in proceeds from our revolving line of credit to partially fund the acquisition of ShareFile, the issuance of convertible senior notes of \$396.5 million (net of purchases of capped calls in connection with the convertible notes offering of \$42.2 million and issuance costs of \$11.2 million), cash inflows from operations of \$211.5 million, and \$10.6 million in cash received from the issuance of common stock. 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. Except as described below, there are no limitations on our ability to access our cash and cash equivalents.

Cash and cash equivalents held by our foreign subsidiaries were \$69.2 million at November 30, 2024. As a result of 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. Refer to Note 16: Income Taxes for further information.

	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	November 30, 2022
Net cash flows from operating activities	\$ 211,494	\$ 173,920	\$ 192,160
Net cash flows (used in) from investing activities	\$ (857,908)	\$ (360,382)	\$ 21,992
Net cash flows from (used in) financing activities	\$ 640,823	\$ 51,188	\$ (101,423)

### Cash Flows from Operating Activities

The increase in cash generated from operations in fiscal year 2024 as compared to fiscal year 2023 was primarily due to higher billings and collections, lower taxes paid as compared to fiscal year 2023, and slightly lower interest rates because of our debt refinancing in the second quarter of fiscal year 2024.

Our gross accounts receivable as of November 30, 2024, increased by \$37.6 million from the end of fiscal year 2023. Days sales outstanding ("DSO") in accounts receivable increased to 67 days as compared to 62 days in fiscal year 2023 due to the timing of billings and collections. In addition, our net deferred revenue as of November 30, 2024, increased by \$109.4 million from the end of fiscal year 2023, primarily due to the acquisition of ShareFile in November 2024.

### Cash Flows (used in) from 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. Included in investing activities in fiscal years 2024 and 2023 were the acquisitions of ShareFile and MarkLogic for a net cash paid amount of \$852.7 million and \$355.3 million, respectively. In fiscal year 2022 we received \$26.0 million net proceeds from the sale of long-lived assets.

### Cash Flows from (used in) Financing Activities

During fiscal year 2024 we received \$748.5 million in net proceeds from debt related to the refinancing of our debt in the second quarter of fiscal year 2024 and the draw down on our revolving line of credit in the fourth quarter of 2024, each as described above. We received proceeds from the issuance of debt of \$195.0 million in fiscal year 2023. The debt proceeds were offset by payments on our long-term debt of \$91.9 million in fiscal year 2023 (including a \$85.0 million repayment on the revolving line of credit). In addition, in fiscal year 2024, we received \$27.8 million from the exercise of stock options and the issuance of shares under our employee stock purchase plan as compared to \$26.0 million in fiscal year 2023. We also repurchased \$86.8 million of our common

stock under our share repurchase plan in fiscal year 2024, compared to \$34.0 million in fiscal year 2023.

#### *Share Repurchases*

In fiscal years 2024, 2023 and 2022, we repurchased and retired 1.6 million, 0.6 million and 1.7 million shares of our common stock for \$86.8 million, \$34.0 million and \$77.0 million, respectively. On January 10, 2023, our Board of Directors increased our share repurchase authorization by \$150.0 million, to an aggregate authorization of \$228.0 million. As of November 30, 2024, there was \$107.2 million remaining under the current share repurchase authorization. The timing and amount of any shares repurchased will be determined by management based on its evaluation of market conditions and other factors, and the Board of Directors may choose to suspend, expand, or discontinue the repurchase program at any time.

#### *Dividends*

Upon closing of the ShareFile acquisition on October 31, 2024, our Board of Directors approved the suspension of our quarterly dividends. We plan 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. Prior to the suspension of the quarterly dividend in the fourth fiscal quarter of 2024, we had paid aggregate cash dividends totaling \$31.5 million, \$31.6 million and \$31.1 million for the years ended November 30, 2024, 2023, and 2022, respectively.

#### *Convertible Senior Notes and Long-Term Debt*

See Note 8: Debt to the consolidated financial statements.

#### *Indemnification Obligations*

We include standard intellectual property indemnification provisions in our licensing agreements in the ordinary course of business. Pursuant to our product license agreements, we will indemnify, hold harmless, and agree to reimburse the indemnified party for losses suffered or incurred by the indemnified party, generally business partners or customers, in connection with certain patent, copyright or other intellectual property infringement claims by third parties with respect to our products. Other agreements with our customers provide indemnification for claims relating to property damage or personal injury resulting from the performance of services by us or our subcontractors. Historically, our costs to defend lawsuits or settle claims relating to such indemnity agreements have been insignificant. Accordingly, the estimated fair value of these indemnification provisions is immaterial. For indemnification claims related to the MOVEit Vulnerability. Please see Note 19: Cyber Related Matters to the consolidated financial statements for further details.

#### *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 titled "Risk Factors", 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.

#### **Critical Accounting Estimates**

Management's discussion and analysis of financial condition and results of operations are based on 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 we believe are reasonable under the circumstances.

These estimates may change as new events occur and additional information is obtained. Actual results could differ materially from these estimates under different assumptions or conditions.

We have identified the following critical accounting policies and estimates that require the use of significant judgments and estimates in the preparation of our consolidated financial statements.

## ***Revenue Recognition***

Our contracts with customers typically include promises to license one or more products and services to a customer. Determining whether products and services are distinct performance obligations that should be accounted for separately requires significant judgment. Significant judgment is also required to determine the stand-alone selling price ("SSP") of each distinct performance obligation. Our licenses are sold as perpetual or term licenses, and the arrangements typically contain various combinations of maintenance and services, which are generally accounted for as separate performance obligations. We generally use the residual approach to allocate the transaction price to our software license performance obligations because, due to the pricing of our licenses being highly variable, they do not have an observable SSP.

Maintenance revenue is recognized ratably over the contract period. The SSP of maintenance services is a percentage of the net selling price of the related software license. Professional services revenue is generally recognized as the services are delivered to the customer. The SSP of services is based upon observable prices in similar transactions using the hourly rates sold in stand-alone services transactions. Services are either sold on a time and materials basis or prepaid upfront. Revenue related to software-as-a-service ("SaaS") offerings is recognized ratably over the contract period. The SSP of SaaS performance obligations is determined based upon observable prices in stand-alone SaaS transactions.

We also consider whether an arrangement has any discounts, material rights, or specified future upgrades that may represent additional performance obligations, although we do not have a history of offering these elements. We do not have any material revenue arrangements that include estimates for variable consideration.

## ***Loss Contingencies and the MOVEit Vulnerability***

The Company recognizes a liability for loss contingencies for which it is probable that a liability has been incurred at the date of the consolidated financial statements and the amount is reasonably estimable. The Company has not incurred any significant litigation costs or entered into large settlements in recent history.

As more fully discussed in Note 19: Cyber Related Matters to the consolidated financial statements, in May 2023, the Company discovered a zero-day vulnerability in its MOVEit Transfer and MOVEit Cloud software product offerings ("the MOVEit Vulnerability"), which resulted in government inquiries and investigations, and private litigation that the Judicial Panel on Multidistrict Litigation transferred to the District of Massachusetts for coordinated and consolidated proceedings (the "MDL"), which may result in adverse judgments, settlements, fines, penalties, or other resolutions, the amount, scope and timing of which could be material, but which the Company is currently unable to predict.

There is complexity in applying this accounting framework for the potential losses arising from the MOVEit Vulnerability and in determining whether a loss is probable and estimable as these claims and proceedings are subject to inherent uncertainties and potential damages for which we are unable to arrive at a reasonable estimate. Further, the outcome of these matters may not be known for prolonged periods of time. Since the MDL remains in the early stages; and 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, we are currently unable to develop an estimate of the losses or range of losses incurred (if any). Therefore, we have not recorded a loss contingency liability for the MOVEit Vulnerability as of November 30, 2024. The Company could incur judgments or enter into settlements regarding the outcome of these claims and proceedings, which could have a material effect on the estimated amount of the liability in the period in which the effect becomes probable and reasonably estimable.

We have incurred expenses related to our efforts to investigate and remediate the MOVEit Vulnerability, as well as legal and other professional services related thereto. Expenses are recognized as they are incurred and are recognized net of expected insurance recoveries, although the timing of recognizing insurance recoveries may differ from the timing of recognizing the associated expenses. We incurred expenses of \$5.6 million and \$1.5 million, net, related to the MOVEit Vulnerability for the fiscal years ended November 30, 2024 and 2023, respectively.

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 November 30, 2024, we have recorded approximately \$5.8 million in insurance recoveries, and we have \$6.7 million of additional cybersecurity insurance coverage (which is subject to a \$0.5 million retention per claim). We will pursue recoveries to the maximum extent available under our insurance policies.

## ***Business Combinations***

We allocate the purchase price of acquired companies to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. The estimates used to value the net assets acquired are based in part on historical experience and information obtained from the management of the acquired company. We generally value the identifiable intangible assets acquired using a discounted cash flow model. The significant estimates used in valuing certain of the intangible assets include, but are not limited to: future expected cash flows of the asset, discount rates to determine the present value of the future cash flows, attrition rates of customers, and expected technology life cycles. We also estimate the useful lives of the intangible assets based on the expected period over which we anticipate generating economic benefit from the asset.

Our estimates of fair value are based on assumptions believed to be reasonable at that time. If management made different estimates or judgments, material differences in the fair values of the net assets acquired may result.

## **Recent Accounting Pronouncements**

Refer to Note 1: Nature of Business and Summary of Significant Accounting Policies to our Consolidated Financial Statements in Part II, Item 8 of this Form 10-K.

## **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to a variety of risks, including changes in interest rates affecting the return on our invested cash and borrowing activities and foreign currency fluctuations. We have established policies and procedures to manage our exposure to fluctuations in interest rates and foreign currency exchange rates.

### *Interest Rate Risk*

Exposure to interest rate risk is related to changing interest rates under our Credit Agreement, which are variable and determined by reference to a Term Benchmark Rate or a base rate at our option. The rates range from 1.50% to 3.00% above the Term Benchmark Rate or from 0.50% to 2.00% above the defined base rate for base rate borrowings, in each case based upon our consolidated total net leverage ratio. Additionally, we may borrow certain foreign currencies at rates set in the same range above the respective Term Benchmark Rates for those currencies, based on our consolidated total net leverage ratio. A quarterly commitment fee on the undrawn portion of the revolving credit facility is required, ranging from 0.150% to 0.400% per annum, based upon our consolidated total net leverage ratio. As of November 30, 2024, there was \$730.0 million outstanding under the revolving credit facility at a borrowing rate of 6.67%. A hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our consolidated financial statements.

### *Foreign Currency Risk*

We generally use forward contracts that are not designated as hedging instruments to economically hedge the impact of the variability in exchange rates on intercompany accounts receivable and loans receivable denominated in certain foreign currencies. We generally do not hedge the net assets of our international subsidiaries. All forward contracts are recorded at fair value in other current assets, other assets, other accrued liabilities, or other noncurrent liabilities on the consolidated balance sheets at the end of each reporting period and expire between 30 days and 3 years from the date the contract was entered. In fiscal year 2024, we recognized realized and unrealized gains of \$1.5 million from our forward contracts in foreign currency loss, net on the consolidated statements of operations. These losses were substantially offset by realized and unrealized gains and losses on the offsetting positions.

Based on a hypothetical 10% adverse movement in all foreign currency exchange rates, our revenue would be adversely affected by approximately 2%, or \$18.3 million, and our net income would be adversely affected by approximately 2%, or \$1.3 million (excluding any offsetting positive impact from our ongoing hedging programs), although the actual effects may differ materially from the hypothetical analysis.

## Item 8. Financial Statements and Supplementary Data

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Progress Software Corporation

#### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Progress Software Corporation and subsidiaries (the "Company") as of November 30, 2024 and 2023, the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows, for each of the three years in the period ended November 30, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of November 30, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended November 30, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of November 30, 2024, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated January 21, 2025, expressed an unqualified opinion on the Company's internal control over financial reporting.

#### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

#### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### Revenue Recognition - Refer to Note 14 to the Financial Statements

##### Critical Audit Matter Description

The Company derives its revenue from multiple sources, including software licenses, maintenance, and services. Frequently, the customer arrangements provide software licenses combined with maintenance resulting in multiple performance obligations under ASC 606, *Revenue from Contracts with Customers*. The identification of distinct performance obligations, particularly for more complex customer arrangements, requires a detailed analysis of the contractual terms and application of more complex accounting guidance. In addition, the allocation of the transaction price to each performance obligation within a contract (license, maintenance, and services) requires the application of management judgment. Revenue arrangements with higher contract values frequently require more complex management judgments.

Given the accounting complexity and the management judgment necessary to identify performance obligations and determine allocation of revenue in a contract with multiple performance obligations, auditing revenues required a high degree of auditor judgment and an increased extent of effort.

##### How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the recognition of revenue from contracts with multiple performance obligations included the following, among others:

- We tested the effectiveness of controls over revenue recognition, including those over the identification of distinct performance obligations and the allocation of the transaction price.

- We evaluated the Company's accounting policies in the context of the applicable accounting standards.
- We evaluated the appropriateness and consistency of the methods and assumptions used by management to determine the standalone selling price of distinct performance obligations.
- We selected a sample of revenue contracts and performed the following procedures:
  - We obtained and read the contracts and related contract documentation.
  - We evaluated whether management properly identified the contract terms and tested management's application of the Company's policies, including the identification of the performance obligations and allocation of the transaction price.
  - We tested the mathematical accuracy of management's calculations of revenue recognized in the financial statements.

/s/ Deloitte & Touche LLP

Boston, Massachusetts  
January 21, 2025

We have served as the Company's auditor since 1990.

**PROGRESS SOFTWARE CORPORATION**  
**Consolidated Balance Sheets**

(in thousands, except share data)

	November 30, 2024	November 30, 2023
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 118,077	\$ 126,958
Accounts receivable (less allowances of \$749 and \$851, respectively)	163,575	125,825
Unbilled receivables	34,672	29,965
Other current assets	52,489	48,040
Total current assets	368,813	330,788
Long-term unbilled receivables	28,893	28,373
Property and equipment, net	13,746	15,225
Intangible assets, net	723,571	354,278
Goodwill	1,292,177	832,101
Right-of-use lease assets	30,894	18,711
Deferred tax assets	56,179	15,052
Other assets	12,693	8,255
Total assets	\$ 2,526,966	\$ 1,602,783
<b>Liabilities and stockholders' equity</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt, net	\$ —	\$ 13,109
Accounts payable	13,910	12,371
Accrued compensation and related payroll taxes	64,672	49,559
Dividends payable to stockholders	—	8,376
Short-term operating lease liabilities	9,202	10,114
Other accrued liabilities	35,219	22,499
Short-term deferred revenue, net	332,142	236,090
Total current liabilities	455,145	352,118
Long-term debt, net	730,000	356,111
Convertible senior notes, net	796,267	354,772
Long-term operating lease liabilities	26,259	13,000
Long-term deferred revenue, net	72,270	58,946
Deferred tax liabilities	2,279	3,574
Other noncurrent liabilities	5,958	4,547
<b>Commitments and contingencies (Note 10 and Note 19)</b>		
<b>Stockholders' equity:</b>		
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, 43,360,695 shares in 2024 and 43,795,955 shares in 2023	434	438
Additional paid-in capital	354,158	370,579
Retained earnings	120,405	120,858
Accumulated other comprehensive loss	(36,209)	(32,160)
Total stockholders' equity	438,788	459,715
Total liabilities and stockholders' equity	\$ 2,526,966	\$ 1,602,783

See notes to consolidated financial statements.

**PROGRESS SOFTWARE CORPORATION**  
**Consolidated Statements of Operations**

<i>(in thousands, except per share data)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	November 30, 2022
Revenue:			
Software licenses	\$ 249,331	\$ 220,789	\$ 188,336
Maintenance and services	504,078	473,650	413,677
Total revenue	<u>753,409</u>	<u>694,439</u>	<u>602,013</u>
Costs of revenue:			
Cost of software licenses	10,942	11,153	10,243
Cost of maintenance and services	90,318	85,255	62,177
Amortization of acquired intangibles	29,222	30,169	22,076
Total costs of revenue	<u>130,482</u>	<u>126,577</u>	<u>94,496</u>
Gross profit	<u>622,927</u>	<u>567,862</u>	<u>507,517</u>
Operating expenses:			
Sales and marketing	164,570	156,076	140,760
Product development	146,342	132,401	114,568
General and administrative	89,518	83,157	77,876
Amortization of acquired intangibles	65,290	66,430	46,868
Restructuring expenses	10,454	8,407	879
Acquisition-related expenses	17,109	4,704	4,603
Cyber incident and vulnerability response expenses, net	5,641	6,164	602
Gain on sale of assets held for sale	—	—	(10,770)
Total operating expenses	<u>498,924</u>	<u>457,339</u>	<u>375,386</u>
Income from operations	<u>124,003</u>	<u>110,523</u>	<u>132,131</u>
Other (expense) income:			
Interest expense	(32,012)	(30,780)	(15,790)
Interest income and other, net	4,734	2,538	1,414
Foreign currency loss, net	(2,461)	(2,624)	(500)
Total other expense, net	<u>(29,739)</u>	<u>(30,866)</u>	<u>(14,876)</u>
Income before income taxes	<u>94,264</u>	<u>79,657</u>	<u>117,255</u>
Provision for income taxes	<u>25,826</u>	<u>9,460</u>	<u>22,186</u>
Net income	<u>\$ 68,438</u>	<u>\$ 70,197</u>	<u>\$ 95,069</u>
Earnings per share:			
Basic	\$ 1.58	\$ 1.62	\$ 2.19
Diluted	\$ 1.54	\$ 1.57	\$ 2.15
Weighted average shares outstanding:			
Basic	43,268	43,456	43,475
Diluted	44,427	44,658	44,247
Cash dividends declared per common share	\$ 0.53	\$ 0.70	\$ 0.70

See notes to consolidated financial statements.

**PROGRESS SOFTWARE CORPORATION**  
**Consolidated Statements of Comprehensive Income**

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	November 30, 2022
Net income	\$ 68,438	\$ 70,197	\$ 95,069
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustments	(2,914)	5,289	(8,468)
Unrealized (loss) gain on hedging activity, net of tax benefit of \$360 and \$698 in 2024 and 2023, respectively and net of tax provision of \$1,797 in 2022	(1,135)	(2,214)	5,688
Unrealized loss on investments, net of tax benefit of \$4 in 2022	—	—	(12)
Total other comprehensive (loss) income, net of tax	(4,049)	3,075	(2,792)
Comprehensive income	\$ 64,389	\$ 73,272	\$ 92,277

See notes to consolidated financial statements.

**PROGRESS SOFTWARE CORPORATION**  
**Consolidated Statements of Stockholders' Equity**

<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, 2021	44,146	\$ 441	\$ 354,235	\$ 90,256	\$ (32,443)	\$ 412,489
Cumulative effect of adoption of ASU 2020-06	—	—	(47,456)	4,893	—	(42,563)
Issuance of stock under employee stock purchase plan	301	3	9,201	—	—	9,204
Exercise of stock options	174	2	6,783	—	—	6,785
Vesting of restricted stock units and release of deferred stock units	448	5	(5)	—	—	—
Withholding tax payments related to net issuance of restricted stock units	(117)	(1)	(8,487)	—	—	(8,488)
Stock-based compensation	—	—	37,094	—	—	37,094
Dividends declared	—	—	—	(31,253)	—	(31,253)
Treasury stock repurchases and retirements	(1,695)	(17)	(19,715)	(57,309)	—	(77,041)
Net income	—	—	—	95,069	—	95,069
Other comprehensive loss	—	—	—	—	(2,792)	(2,792)
Balance, November 30, 2022	43,257	\$ 433	\$ 331,650	\$ 101,656	\$ (35,235)	\$ 398,504
Issuance of stock under employee stock purchase plan	279	2	10,287	—	—	10,289
Exercise of stock options	485	5	15,270	—	—	15,275
Vesting of restricted stock units and release of deferred stock units	615	6	(6)	—	—	—
Withholding tax payments related to net issuance of restricted stock units	(229)	(2)	(12,375)	—	—	(12,377)
Stock-based compensation	—	—	40,529	—	—	40,529
Dividends declared	—	—	—	(31,815)	—	(31,815)
Treasury stock repurchases and retirements	(611)	(6)	(14,776)	(19,180)	—	(33,962)
Net income	—	—	—	70,197	—	70,197
Other comprehensive income	—	—	—	—	3,075	3,075
Balance, November 30, 2023	43,796	\$ 438	\$ 370,579	\$ 120,858	\$ (32,160)	\$ 459,715
Issuance of stock under employee stock purchase plan	324	3	12,330	—	—	12,333
Exercise of stock options	379	4	15,462	—	—	15,466
Vesting of restricted stock units and release of deferred stock units	796	8	(8)	—	—	—
Withholding tax payments related to net issuance of restricted stock units	(292)	(3)	(17,167)	—	—	(17,170)
Stock-based compensation	—	—	46,756	—	—	46,756
Purchase of capped calls, net of tax	—	—	(32,080)	—	—	(32,080)
Dividends declared	—	—	—	(23,844)	—	(23,844)
Treasury stock repurchases and retirements	(1,642)	(16)	(41,714)	(45,047)	—	(86,777)
Net income	—	—	—	68,438	—	68,438
Other comprehensive loss	—	—	—	—	(4,049)	(4,049)
Balance, November 30, 2024	43,361	\$ 434	\$ 354,158	\$ 120,405	\$ (36,209)	\$ 438,788

See notes to consolidated financial statements.

**PROGRESS SOFTWARE CORPORATION**  
**Consolidated Statements of Cash Flows**

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	November 30, 2022
Cash flows from operating activities:			
Net income	\$ 68,438	\$ 70,197	\$ 95,069
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property and equipment	6,426	6,345	5,002
Amortization of acquired intangibles and other	96,618	96,802	69,730
Amortization of debt discount and issuance costs	3,525	2,147	2,112
Stock-based compensation	46,756	40,529	37,094
Non-cash lease expense	11,723	9,393	7,781
Gain on sale of assets held for sale	—	—	(10,770)
Deferred income taxes	(7,750)	(28,641)	(7,602)
Credit losses and other sales allowances	544	488	774
Changes in operating assets and liabilities:			
Accounts receivable	(45,880)	12,119	(27,254)
Other assets	(2,897)	(1,579)	(2,214)
Inventories	—	2,489	(1,556)
Accounts payable and accrued liabilities	28,922	(1,242)	(3,583)
Lease liabilities	(11,556)	(10,472)	(8,571)
Income taxes payable	442	(553)	(120)
Deferred revenue, net	16,183	(24,102)	36,268
Net cash flows from operating activities	<u>211,494</u>	<u>173,920</u>	<u>192,160</u>
Cash flows (used in) from investing activities:			
Purchases of investments	—	(15,262)	—
Sales and maturities of investments	—	15,700	1,950
Purchases of property and equipment	(5,206)	(5,570)	(6,090)
Payments for acquisitions, net of cash acquired	(852,702)	(355,250)	—
Proceeds from sale of long-lived assets, net	—	—	25,998
Other investing activities	—	—	134
Net cash flows (used in) from investing activities	<u>(857,908)</u>	<u>(360,382)</u>	<u>21,992</u>
Cash flows from (used in) financing activities:			
Proceeds from equity plans	27,761	25,956	16,165
Payments for taxes related to net share settlements of equity awards	(17,170)	(12,377)	(7,824)
Repurchases of common stock	(86,777)	(33,962)	(77,041)
Proceeds from issuance of convertible senior notes, net of issuance costs of \$11,200	438,750	—	—
Purchase of capped calls	(42,210)	—	—
Dividend payments to stockholders	(31,460)	(31,554)	(31,063)
Proceeds from the issuance of debt	730,000	195,000	7,475
Repayment of revolving line of credit	(110,000)	(85,000)	—
Principal payment on term loan	(261,250)	(6,875)	(6,873)
Payment of credit facility debt issuance costs	(6,821)	—	(2,262)
Net cash flows from (used in) financing activities	<u>640,823</u>	<u>51,188</u>	<u>(101,423)</u>
Effect of exchange rate changes on cash	(3,290)	5,955	(11,858)
Net (decrease) increase in cash and cash equivalents	<u>(8,881)</u>	<u>(129,319)</u>	<u>100,871</u>
Cash and cash equivalents, beginning of year	<u>126,958</u>	<u>256,277</u>	<u>155,406</u>
Cash and cash equivalents, end of year	<u>\$ 118,077</u>	<u>\$ 126,958</u>	<u>\$ 256,277</u>

Supplemental disclosure:

Cash paid for income taxes, net of refunds of \$2,881 in 2024, \$965 in 2023 and \$968 in 2022	\$	32,386	\$	39,771	\$	28,680
Cash paid for interest	\$	21,771	\$	23,867	\$	8,572
Non-cash investing and financing activities:						
Dividends declared and unpaid	\$	—	\$	8,376	\$	8,115

See notes to consolidated financial statements.

**PROGRESS SOFTWARE CORPORATION**  
**Notes to Consolidated Financial Statements**

**Note 1: Nature of Business and Summary of Significant Accounting Policies**

**The Company**

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.

Our products are generally sold as perpetual licenses, but certain products also use term licensing models and our cloud-based offerings use a subscription-based model, which is a software-as-a-service ("SaaS") offering. 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 2024, we acquired ShareFile, which has 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.

**Accounting Principles**

We prepare our consolidated financial statements and accompanying notes in conformity with accounting principles generally accepted in the United States of America ("GAAP").

**Basis of Consolidation**

The consolidated financial statements include our accounts and those of our subsidiaries (all of which are wholly owned). We eliminate all intercompany balances and transactions.

**Use of Estimates**

The preparation of 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. Actual results could differ from those estimates.

**Foreign Currency Translation**

The functional currency of most of our foreign subsidiaries is the local currency in which the subsidiary operates. For foreign operations where the local currency is considered to be the functional currency, we translate assets and liabilities into U.S. dollars at the exchange rate on the balance sheet date. We translate income and expense items at average rates of exchange prevailing during each period. We accumulate translation adjustments in accumulated other comprehensive loss, a component of stockholders' equity.

For foreign operations where the U.S. dollar is considered to be the functional currency, we remeasure monetary assets and liabilities into U.S. dollars at the exchange rate on the balance sheet date and non-monetary assets and liabilities are remeasured into U.S. dollars at historical exchange rates. We translate income and expense items at average rates of exchange prevailing during each period. We recognize remeasurement adjustments currently as a component of foreign currency loss, net in the statements of operations.

Transaction gains or losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in foreign currency loss, net in the statements of operations as incurred.

**Cash Equivalents**

Cash equivalents include short-term, highly liquid investments purchased with remaining maturities of three months or less. As of November 30, 2024 and 2023, all of our cash equivalents were invested in money market funds.

## Allowances for Doubtful Accounts and Sales Credit Memos

We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of customers to make required payments. We establish this allowance using estimates that we make based on factors such as the composition of the accounts receivable aging, historical bad debts, changes in payment patterns, changes to customer creditworthiness and current economic trends.

We also record an allowance for estimates of potential sales credit memos. This allowance is determined based on an analysis of historical credit memos issued and current economic trends, and is recorded as a reduction of revenue.

A summary of activity in the allowance for doubtful accounts is as follows:

<i>(in thousands)</i>	November 30, 2024	November 30, 2023	November 30, 2022
Beginning balance	\$ 678	\$ 740	\$ 552
Charge to costs and expenses	420	435	493
Write-offs and other	(638)	(499)	(302)
Translation adjustments	(6)	2	(3)
Ending balance	<u>\$ 454</u>	<u>\$ 678</u>	<u>\$ 740</u>

## Concentrations of Credit Risk

Our financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents, derivative instruments and trade receivables. We hold our cash and cash equivalents and derivative instrument contracts with high quality financial institutions and we monitor the credit ratings of those institutions. We perform ongoing credit evaluations of our customers, and the risk with respect to trade receivables is further mitigated by the diversity, both by geography and by industry, of the customer base. No single customer represented more than 10% of consolidated accounts receivable or revenue in fiscal years 2024, 2023 or 2022.

## Fair Value Measurements

We account for certain assets and liabilities at fair value. The hierarchy below lists three levels of fair value based on the extent to which inputs used in measuring fair value are observable in the market. We categorize each of our fair value measurements in one of these three levels based on the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

- Level 1 – inputs are based upon unadjusted quoted prices for identical instruments in active markets. Our Level 1 investments include money market funds.
- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques (e.g. the Black-Scholes model) for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, credit spreads, foreign exchange rates, and forward and spot prices for currencies. Our Level 2 derivative assets and liabilities include certain over-the-counter forward and swap contracts. In addition, our disclosures related to the fair value of our 2026 Notes and 2030 Notes (together referred to as "the Notes") are Level 2 measurements.
- Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques, including option pricing models and discounted cash flow models. We do not have any Level 3 fair value measurements.

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.

## **Derivative Instruments**

We record all derivatives on the consolidated balance sheets at fair value. We use derivative instruments to manage exposures to fluctuations in the value of foreign currencies, which exist as part of our ongoing business operations.

### *Cash Flow Hedge*

We entered into an interest rate swap contract in July 2019 to manage the variability of cash flows associated with approximately one-half of our variable rate debt. The interest rate swap, which matured on April 30, 2024, was designated as a cash flow hedge and the effectiveness of the hedge was assessed both at the onset of the hedge and at regular intervals throughout the life of the derivative. As the interest rate swap was highly effective in offsetting the variability of the hedged cash flows, changes in the fair value of the derivative were included as a component of accumulated other comprehensive loss on our consolidated balance sheets until the debt was retired and the swap matured.

### *Forward Contracts*

Certain assets and forecasted transactions are exposed to foreign currency risk. Our objective for holding derivatives is to eliminate or reduce the impact of these exposures. We periodically monitor our foreign currency exposures to enhance the overall economic effectiveness of our foreign currency hedge positions. Principal currencies hedged include the euro, British pound, and Indian rupee. We do not enter into derivative instruments for speculative purposes, nor do we hold or issue any derivative instruments for trading purposes.

We enter into certain derivative instruments that are not designated as hedges. Although these derivatives are not designated as hedges, we believe that such instruments are closely correlated with the underlying exposure, thus managing the associated risk. The gains or losses from changes in the fair value of such derivative instruments that are not accounted for as hedges are recognized in earnings in foreign currency loss, net in the consolidated statements of operations. In fiscal year 2024, we recognized realized and unrealized losses of \$1.5 million from our forward contracts.

## **Property and Equipment**

We record property and equipment at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or the useful lives of the assets. Useful lives by major asset class are as follows: computer equipment and software, 3 to 7 years and furniture and fixtures, 5 to 7 years. Repairs and maintenance costs are expensed as incurred.

## **Goodwill, Intangible Assets, and Long-Lived Assets**

### *Goodwill*

Goodwill is the amount by which the cost of acquired net assets in a business combination exceeded the fair value of net identifiable assets on the date of purchase. The Company operates as a single reporting unit. We evaluate goodwill and other intangible assets with indefinite useful lives, if any, for impairment annually or on an interim basis when events and circumstances arise that indicate impairment may have occurred.

### *Intangible Assets and Long-Lived Assets*

Intangible assets are comprised of purchased technology, customer-related assets, and trademarks and trade names acquired through business combinations. All of our intangible assets are amortized using the straight-line method over their estimated useful life.

We review long-lived assets (primarily property and equipment) and intangible assets with finite lives for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable or that the useful lives of those assets are no longer appropriate. We base each impairment test on a comparison of the undiscounted cash flows to the carrying value of the asset or asset group. If impairment is indicated, we write down the asset to its estimated fair value.

We did not recognize any asset impairment charges in the years presented.

## Comprehensive (Loss) Income

The components of comprehensive loss include, in addition to net income, foreign currency translation adjustments and unrealized gains and losses on investments and hedging activity.

Accumulated other comprehensive loss by components, net of tax:

<i>(in thousands)</i>	Foreign Currency Translation Adjustment	Unrealized Losses on Investments	Unrealized Gains (Losses) on Hedging Activity	Total
Balance, December 1, 2022	\$ (38,523)	\$ (61)	\$ 3,349	\$ (35,235)
Other comprehensive income (loss)	5,289	—	(2,214)	3,075
Balance, December 1, 2023	\$ (33,234)	\$ (61)	\$ 1,135	\$ (32,160)
Other comprehensive loss	(2,914)	—	(689)	(3,603)
Amounts reclassified from accumulated other comprehensive loss into net income, net of tax	(61)	61	(446)	(446)
Balance, November 30, 2024	\$ (36,209)	\$ —	\$ —	\$ (36,209)

The tax effect on accumulated unrealized gains on hedging activity was a deferred tax liability of \$0.4 million and \$1.1 million as of November 30, 2023 and 2022, respectively.

## Revenue Recognition

### Revenue Policy

We derive our revenue primarily from software licenses and maintenance and services. Our license arrangements generally contain multiple performance obligations, including software maintenance services. Revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration that we expect to receive in exchange for those goods or services. When an arrangement contains multiple performance obligations, we account for individual performance obligations separately if they are distinct. We recognize revenue through the application of the following steps: (i) identification of the contract(s) with a customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price to performance obligations in the contract; and (v) recognition of revenue when or as we satisfy the performance obligations. Sales taxes collected from customers and remitted to government authorities are excluded from revenue and we do not license our software with a right of return.

### Software Licenses

Software licenses are on-premise and fully functional when made available to the customer. As the customer can use and benefit from the license on its own, on-premise software licenses represent distinct performance obligations. Revenue is recognized upfront at the point in time when control is transferred, which is defined as the point in time when the client can use and benefit from the license. Our licenses are sold as perpetual or term licenses, and the arrangements typically contain various combinations of maintenance and services, which are generally accounted for as separate performance obligations. We generally use the residual approach to allocate the transaction price to our software license performance obligations because, due to the pricing of our licenses being highly variable, we do not have an observable stand-alone selling price ("SSP") for licenses. As required, we evaluate the residual approach estimate compared to all available observable data in order to conclude the estimate is representative of its SSP.

Perpetual licenses are generally invoiced upon execution of the contract and payable within 30 days. Term licenses are generally invoiced in advance on an annual basis over the term of the arrangement, which is typically one to three years. Any difference between the revenue recognized and the amount invoiced to the customer is recognized on our consolidated balance sheets as unbilled receivables until the customer is invoiced, at which point the amount is reclassified to accounts receivable.

### Maintenance

Maintenance revenue is made up of technical support, bug fixes, and when-and-if available unspecified software upgrades. As these maintenance services are considered to be a series of distinct services that are substantially the same and have the same duration and measure of progress, we have concluded that they represent one combined performance obligation. Revenue is recognized ratably over the contract period. The SSP of maintenance services is a percentage of the net selling price of the related software license, which has remained within a tight range and is consistent with the stand-alone pricing of subsequent maintenance renewals.

Maintenance services are generally invoiced in advance on an annual basis over the term of the arrangement, which is typically one to three years.

### *Services*

Services revenue primarily includes consulting and customer education services. In general, services are distinct performance obligations. Services revenue is generally recognized as the services are delivered to the customer. We apply the practical expedient of recognizing revenue upon invoicing for time and materials-based arrangements as the invoiced amount corresponds to the value of the services provided. The SSP of services is based upon observable prices in similar transactions using the hourly rates sold in stand-alone services transactions. Services are either sold on a time and materials basis or prepaid upfront.

We also offer products via a SaaS model, which is a subscription-based model. Our customers can use hosted software over the contract period without taking possession of it and the cloud services are available to them throughout the entire term, even if they do not use the service. Revenue related to SaaS offerings is recognized ratably over the contract period. The SSP of SaaS performance obligations is determined based upon observable prices in stand-alone SaaS transactions. SaaS arrangements are generally invoiced in advance on a monthly, quarterly, or annual basis over the term of the arrangement, which is typically one to three years.

### *Arrangements with Multiple Performance Obligations*

When an arrangement contains multiple performance obligations, we account for individual performance obligations separately if they are distinct. We allocate the transaction price to each performance obligation in a contract based on its relative SSP. Although we do not have a history of offering these elements, prior to allocating the transaction price to each performance obligation, we consider whether the arrangement has any discounts, material rights, or specified future upgrades that may represent additional performance obligations. Determining whether products and services are distinct performance obligations and the determination of the SSP may require significant judgment.

### **Advertising Costs**

Advertising costs are expensed as incurred and were \$1.5 million, \$1.1 million, and \$1.1 million in fiscal years 2024, 2023, and 2022, respectively.

### **Warranty Costs**

We make periodic provisions for expected warranty costs. Historically, warranty costs have been insignificant.

### **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 4 or 5 years for options and 3 or 4 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.

### **Acquisition-Related Costs**

Acquisition-related costs are expensed as incurred and include those costs incurred as a result of a business combination. These costs primarily consist of professional services fees, including third-party legal and valuation-related fees, as well as retention fees and earn-out payments treated as compensation expense. We incurred \$17.1 million, \$4.7 million, and \$4.6 million of acquisition-related costs, which are included in acquisition-related expenses in our consolidated statement of operations, for the fiscal years ended November 30, 2024, 2023, and 2022, respectively.

## Restructuring Expenses

We record restructuring expense when management commits to and approves a restructuring plan, the restructuring plan identifies all significant actions, the period of time to complete the restructuring plan indicates that significant changes to the restructuring plan are not likely to occur, and employees who are impacted have been notified of the pending involuntary termination. Restructuring expense is comprised primarily of costs related to employee-related severance and benefits and property abandonment, including future lease commitments, net of any sublease income, and associated leasehold improvements.

## Income Taxes

We provide for deferred income taxes resulting from temporary differences between financial and taxable income. We record valuation allowances to reduce deferred tax assets to the amount that is more likely than not to be realized.

We recognize and measure uncertain tax positions taken or expected to be taken in a tax return utilizing a two-step approach. We first determine if the weight of available evidence indicates that it is more likely than not that the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is that we measure the tax benefit as the largest amount that is more likely than not to be realized upon ultimate settlement. We recognize interest and penalties related to uncertain tax positions in our provision for income taxes on our consolidated statements of operations.

## 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, with early adoption permitted. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements and disclosures.

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: Cash and Cash Equivalents

A summary of our cash and cash equivalents at November 30, 2024 is as follows:

(in thousands)	Amortized Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value
Cash	\$ 116,254	\$ —	\$ —	\$ 116,254
Money market funds	1,823	—	—	1,823
Total	<u>\$ 118,077</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 118,077</u>

A summary of our cash and cash equivalents at November 30, 2023 is as follows:

<i>(in thousands)</i>	Amortized Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value
Cash	\$ 126,958	\$ —	\$ —	\$ 126,958

### Note 3: Derivative Instruments

#### Cash Flow Hedge

Our interest rate swap contract with an initial notional amount of \$150.0 million matured on April 30, 2024. We entered into the contract to manage the variability of cash flows associated with approximately one-half of our variable rate debt. The contract required periodic interest rate settlements, and we received a floating rate based on the greater of 1-month SOFR or 0.00% and paid a fixed rate of 1.855% on the outstanding notional amount.

The interest rate swap was designated as a cash flow hedge and the effectiveness of the hedge was assessed both at the onset of the hedge and at regular intervals throughout the life of the derivative. As the interest rate swap was highly effective in offsetting the variability of the hedged cash flows, changes in the fair value of the derivative were included as a component of other comprehensive loss on our condensed consolidated balance sheets through the first quarter of fiscal year 2024.

On March 1, 2024, we repaid our variable rate debt in full and concurrently reclassified an unrealized gain of \$0.6 million from accumulated other comprehensive loss to interest expense in our condensed consolidated statements of operations upon the maturity of the interest rate swap. As of November 30, 2023, the fair value of the hedge was a gain of \$1.5 million, and was included in other assets on our consolidated balance sheets. The net amount of accumulated other comprehensive loss reclassified to interest expense during fiscal years 2024, 2023, and 2022 resulted in income of \$1.5 million and \$3.6 million, and expense of \$0.7 million, respectively.

The fair value of the derivative represented the discounted value of the expected future discounted cash flows for the interest rate swap, based on the payment schedule and the current forward curve for the remaining term of the contract, as of the date of each reporting period:

<i>(in thousands)</i>	November 30, 2024		November 30, 2023	
	Notional Value	Fair Value	Notional Value	Fair Value
Interest rate swap contracts designated as cash flow hedges	\$ —	\$ —	\$ 103,125	\$ 1,495

#### Forward Contracts

We generally use forward contracts that are not designated as hedging instruments to hedge economically the impact of the variability in exchange rates on intercompany accounts receivable and loans receivable denominated in certain foreign currencies. We generally do not hedge the net assets of our international subsidiaries.

All forward contracts are recorded at fair value on the consolidated balance sheets at the end of each reporting period and expire between 30 days and 3 years from the date the contract was entered. At November 30, 2024, \$0.2 million and \$0.8 million was recorded in other current assets and other noncurrent liabilities on the consolidated balance sheets, respectively. At November 30, 2023, \$2.5 million was recorded in other accrued liabilities on the consolidated balance sheets.

In fiscal years 2024, 2023 and 2022, net realized and unrealized losses of \$1.5 million, gains of \$2.3 million and losses of \$7.7 million respectively, from our forward contracts were recognized in foreign currency loss, net on the consolidated statements of operations.

The table below details outstanding foreign currency forward contracts where the notional amount is determined using contract exchange rates:

<i>(in thousands)</i>	November 30, 2024		November 30, 2023	
	Notional Value	Fair Value	Notional Value	Fair Value
Forward contracts to sell U.S. dollars	\$ 94,020	\$ (618)	\$ 102,229	\$ (2,526)
Forward contracts to purchase U.S. dollars	1,195	(6)	844	(4)
<b>Total</b>	<b>\$ 95,215</b>	<b>\$ (624)</b>	<b>\$ 103,073</b>	<b>\$ (2,530)</b>

#### Note 4: 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 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)	\$ —

The following table details the fair value measurements within the fair value hierarchy of our financial assets and liabilities at November 30, 2023:

<i>(in thousands)</i>	Total Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<i>Assets</i>				
Interest rate swap	\$ 1,495	\$ —	\$ 1,495	\$ —
<i>Liabilities</i>				
Foreign exchange derivatives	\$ (2,530)	\$ —	\$ (2,530)	\$ —

##### 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 the Notes:

<i>(in thousands)</i>	November 30, 2024		November 30, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Convertible senior notes due 2026 <sup>(1)</sup>	\$ 356,946	\$ 449,094	\$ 354,772	\$ 377,125
Convertible senior notes due 2030 <sup>(2)</sup>	439,321	550,827	—	—
<b>Total</b>	<b>\$ 796,267</b>	<b>\$ 999,921</b>	<b>\$ 354,772</b>	<b>\$ 377,125</b>

(1) The carrying value of the 2026 Notes are reflected net of \$3.1 million and \$5.2 million of unamortized debt issuance costs as of November 30, 2024 and November 30, 2023, respectively.

(2) The carrying value of the 2030 Notes are reflected net of \$10.7 million of unamortized debt issuance costs as of November 30, 2024.

The fair value of the Notes is based on the 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.

### Note 5: Property and Equipment

Property and equipment consists of the following:

<i>(in thousands)</i>	November 30, 2024	November 30, 2023
Computer equipment and software	\$ 45,451	\$ 46,405
Buildings and leasehold improvements	9,197	9,874
Furniture and fixtures	3,453	3,828
Capitalized software development costs	276	276
Property and equipment, gross	58,377	60,383
Less accumulated depreciation and amortization	(44,631)	(45,158)
Property and equipment, net	<u>\$ 13,746</u>	<u>\$ 15,225</u>

Depreciation and amortization expense related to property and equipment was \$6.4 million, \$6.3 million, and \$5.0 million for the years ended November 30, 2024, 2023, and 2022, respectively.

### Note 6: Intangible Assets and Goodwill

#### Intangible Assets

Intangible assets are comprised of the following significant classes:

<i>(in thousands)</i>	November 30, 2024			November 30, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Purchased technology	\$ 399,000	\$ (210,264)	\$ 188,736	\$ 280,000	\$ (181,045)	\$ 98,955
Customer-related	777,608	(282,384)	495,224	458,608	(221,362)	237,246
Trademarks and trade names	77,111	(37,500)	39,611	50,111	(32,034)	18,077
Total	<u>\$ 1,253,719</u>	<u>\$ (530,148)</u>	<u>\$ 723,571</u>	<u>\$ 788,719</u>	<u>\$ (434,441)</u>	<u>\$ 354,278</u>

We amortize intangible assets assuming no expected residual value. Amortization expense related to these intangible assets was \$94.5 million, \$96.6 million, and \$68.9 million in fiscal years 2024, 2023, and 2022, respectively.

Future amortization expense for intangible assets as of November 30, 2024 is as follows:

<i>(in thousands)</i>	
2025	\$ 145,188
2026	135,088
2027	111,169
2028	99,586
2029	99,586
Thereafter	132,954
Total	<u>\$ 723,571</u>

## Goodwill

Changes in the carrying amount of goodwill for fiscal years 2024 and 2023 are as follows:

<i>(in thousands)</i>	November 30, 2024	November 30, 2023
Balance, beginning of year	\$ 832,101	\$ 671,037
Additions <sup>(1)</sup>	459,459	161,070
Measurement period adjustments <sup>(2)</sup>	700	—
Translation adjustments	(83)	(6)
Balance, end of year	<u>\$ 1,292,177</u>	<u>\$ 832,101</u>

<sup>(1)</sup> The additions to goodwill during fiscal years 2024 and 2023 are related to the acquisition of ShareFile and MarkLogic, respectively. Refer to Note 7: Business Combinations for further information.

<sup>(2)</sup> Represents final measurement period adjustments related to MarkLogic during fiscal year 2024. Refer to Note 7: Business Combinations for further information.

During fiscal year 2024, we performed a quantitative assessment as of October 31, 2024 and concluded that there was no impairment. We did not recognize any goodwill impairment charges during the years presented.

## Note 7: Business Combinations

### ShareFile Acquisition

On October 31, 2024, we completed the acquisition of ShareFile from Cloud 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 8: 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.

The preliminary allocation of the purchase price is as follows:

<i>(in thousands)</i>	Preliminary Purchase Price Allocation	Life
Net working capital	\$ 892	
Property, plant and equipment	54	
Purchased technology	119,000	7 years
Trade name	27,000	7 years
Customer relationships	319,000	7 years
Deferred taxes	23,456	
Deferred revenue	(96,159)	
Goodwill	459,459	
Net assets acquired	<u>\$ 852,702</u>	

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 \$459.5 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 fiscal year ended November 30, 2024, we incurred approximately \$15.6 million of acquisition-related costs, which are included in acquisition-related expenses on our consolidated statement of operations.

The amount of revenue of ShareFile included in our consolidated statement of operations during the fiscal year ended November 30, 2024, was approximately \$21.1 million. We determined that disclosing the amount of ShareFile related earnings included in the 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 and concurrent with the ShareFile acquisition, we entered into a Transition Services Agreement ("TSA") with Cloud for a period of six months from the date of acquisition, with the option to extend the TSA beyond this period for certain services. Expenses related to the TSA are not expected to be significant.

#### *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 \$465.0 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, 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 Fiscal Year Ended November 30, 2024	Pro Forma Fiscal Year Ended November 30, 2023
Revenue	\$ 978,757	\$ 907,010
Net income	\$ 35,678	\$ 2,457
Net income per basic share	\$ 0.82	\$ 0.06
Net income per diluted share	\$ 0.80	\$ 0.06

#### **MarkLogic Acquisition**

On February 7, 2023, we completed the acquisition of the parent company of MarkLogic Corporation ("MarkLogic"), pursuant to the Stock Purchase Agreement (the "Purchase Agreement"), dated as of January 3, 2023. The acquisition was completed for a base purchase price of \$355.0 million, subject to certain customary adjustments, in cash.

The acquisition consideration for MarkLogic has been allocated to MarkLogic's tangible assets, identifiable intangible assets and assumed liabilities based on their estimated fair values. The excess of total consideration over the tangible assets, identifiable intangible assets and assumed liabilities was recorded as goodwill.

During the first fiscal quarter of 2024, the measurement period adjustments were completed, which resulted in a \$0.7 million increase in goodwill primarily related to net working capital adjustments, as compared to the amounts previously reported. The purchase price allocation is now complete.

The allocation of the purchase price is as follows:

<i>(in thousands)</i>	Purchase Price Allocation	Life
Net working capital	\$ 46,335	
Property, plant and equipment	723	
Purchased technology	67,300	7 years
Trade name	12,500	7 years
Customer relationships	152,300	7 years
Other assets, including long-term unbilled receivables	4,477	
Deferred taxes	(24,478)	
Deferred revenue	(32,418)	
Goodwill	161,770	
Net assets acquired	<u>\$ 388,509</u>	

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.

Tangible assets acquired and assumed liabilities were recorded at fair value. We determined the acquisition date deferred revenue balances based on our assessment of the individual contracts acquired. A significant portion of the deferred revenue was recognized in the 12 months following the acquisition.

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 \$161.8 million of goodwill, which is not 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.

We determined that disclosing the amount of MarkLogic related earnings included in the consolidated statement of operations is impracticable, as certain operations of MarkLogic were integrated into the operations of the Company from the date of acquisition.

#### *Pro Forma Information*

The following pro forma financial information presents the combined results of operations of Progress and MarkLogic as if the acquisition had occurred on December 1, 2021, after giving effect to certain pro forma adjustments. The pro forma adjustments reflected herein include only those adjustments that are directly attributable to the MarkLogic acquisition and factually supportable. These pro forma adjustments include: (i) a net increase in amortization expense to record amortization expense relating to the \$232.1 million of acquired identifiable intangible assets, (ii) an increase in interest expense to record interest for the period presented as a result of drawing down our revolving line of credit in connection with the acquisition, and (iii) the income tax effect of the adjustments made at the statutory tax rate of the U.S. (approximately 24.5%).

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, 2021.

<i>(in thousands, except per share data)</i>	Pro Forma Fiscal Year Ended November 30, 2023	Pro Forma Fiscal Year Ended November 30, 2022
Revenue	\$ 733,289	\$ 712,170
Net income	\$ 79,411	\$ 77,058
Net income per basic share	\$ 1.83	\$ 1.77
Net income per diluted share	\$ 1.78	\$ 1.74

#### **Note 8: Debt**

In March of 2024, the Company refinanced its debt by issuing the 2030 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. We also entered into an amended and restated credit facility as described below.

#### **Notes Payable**

##### ***2030 Convertible Senior Notes***

On March 1, 2024, the Company issued, in a private placement, convertible senior notes with an aggregate principal amount of \$450 million, due March 1, 2030, unless earlier repurchased, redeemed or converted. The proceeds from the 2030 Notes were used in part to enter into the 2024 Capped Call Transactions, described below, for working capital, and for other general corporate purposes, including paying off the existing term loan and revolving line of credit. There are no required principal payments prior to the maturity of the 2030 Notes. The 2030 Notes bear interest at an annual rate of 3.5%, payable semi-annually in arrears on September 1 and March 1 of each year, beginning on September 1, 2024. The Company incurred approximately \$12.0 million in issuance costs for the issuance of the 2030 Notes.

##### ***Conversion Rights***

Before November 1, 2029, Noteholders may convert their 2030 Notes in the following circumstances:

- During any fiscal quarter commencing after the fiscal quarter ending on May 31, 2024, if the last reported sale price per share of the Company's common stock exceeds 130% of the conversion price for each of at least twenty trading days (whether or not consecutive) during the thirty consecutive trading days ending on, and including, the last trading day of the immediately preceding fiscal quarter; or
- During the five consecutive business days immediately after any ten consecutive trading day period (the "Measurement Period"), if the trading price per \$1,000 principal amount of 2030 Notes for each trading day of the Measurement Period was less than 98% of the product of the last reported sale price per share of Company's common stock on such trading day and the conversion rate on such trading day; or
- Upon the occurrence of distributions on the Company's common stock, which distribution per share of common stock has a value exceeding 10% of the last reported sale price per share on the trading day immediately before the date such distribution is announced; or
- Upon the occurrence of certain corporate events or if the Company calls such 2030 Notes for redemption, then the Noteholder of any Note may convert such Note.

From and after November 1, 2029, Noteholders may convert their 2030 Notes at any time at their election until the close of business on the second scheduled trading day immediately before the maturity date. The Company will satisfy its conversion obligations by paying cash up to the aggregate principal amount of 2030 Notes to be converted, by issuing shares of its common stock or a combination of cash and shares of its common stock, at its election. The initial conversion rate is 14.7622 shares of common stock per \$1,000 principal amount of the 2030 Notes, representing an initial conversion price of approximately \$67.74 per share of common stock. The conversion rate will be adjusted upon the occurrence of certain events, including spin-offs, tender offers, exchange offers, make-whole fundamental change and certain stockholder distributions.

##### ***Repurchase Rights***

On or after March 5, 2027, and on or before the 60th scheduled trading day immediately before the maturity date, the Company may redeem for cash all or part of the 2030 Notes, subject to partial redemption limitation, at a repurchase price equal to the principal amount, plus accrued and unpaid interest, if the last reported sale price per share of the Company's common stock exceeded 130% of the conversion price on (1) each of at least twenty trading days (whether or not consecutive) during any thirty consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides a redemption notice

and (2) the trading day immediately before the date the Company sends such notice. Pursuant to the partial redemption limitation, the Company may not elect to redeem less than all of the outstanding 2030 Notes unless at least \$100.0 million aggregate principal amount of 2030 Notes are outstanding and not subject to redemption as of the time it sends the related redemption notice.

If certain corporate events that constitute a fundamental change (e.g., events such as business combination transactions involving the Company, shareholder approval of liquidation or dissolution of the Company, and certain de-listing events with respect to the Company's common stock) occur at any time, holders may, subject to certain exceptions, require the Company to purchase their 2030 Notes in whole or in part for cash at a price equal to the principal amount of the 2030 Notes to be repurchased, plus accrued and unpaid interest, to, but excluding, the fundamental change repurchase date.

### **2024 Capped Call Transactions**

On February 27, 2024, in connection with the pricing of the 2030 Notes, the Company entered into privately negotiated capped call transactions ("2024 Capped Call Transactions"). The 2024 Capped Call Transactions cover approximately 6.6 million shares of the Company's common stock, which represent the number of shares of common stock initially underlying the 2030 Notes. The 2024 Capped Call Transactions are generally expected to reduce potential dilution to our common stock upon any conversion of the 2030 Notes and/or offset any potential cash payments the Company is required to make in excess of the principal amount of converted Notes, as the case may be, with such reduction and/or offset subject to a cap. The cap price of the 2024 Capped Call Transactions was initially \$92.98 per share of common stock, which represents a premium of 75% over the last reported sale price of the common stock of \$53.13 per share on February 27, 2024, and is subject to certain adjustments under the terms of the 2024 Capped Call Transactions. The cost of the purchased capped calls of \$42.2 million was recorded as a reduction to additional paid-in-capital upon settlement in March 2024.

### **Accounting for the 2030 Notes**

The 2030 Notes are classified as a non-current liability on our condensed consolidated balance sheets and the conversion option does not require bifurcation as an embedded derivative. Issuance costs of \$12.0 million were recorded as a reduction to the principal balance of the 2030 Notes and will be amortized as interest expense using the effective interest method over the contractual term.

<i>(in thousands)</i>	Fiscal Year Ended November 30, 2024
Contractual interest expense (3.5% coupon)	\$ 11,813
Amortization of debt discount and issuance costs <sup>(1)</sup>	1,351
	<u>\$ 13,164</u>

<sup>(1)</sup>Amortization based upon an effective interest rate of 4.0%.

### **2026 Convertible Senior Notes**

In April 2021, the Company issued, in a private placement, convertible senior notes with an aggregate principal amount of \$360 million, due April 15, 2026, unless earlier repurchased, redeemed or converted. There are no required principal payments prior to the maturity of the 2026 Notes. The 2026 Notes bear interest at an annual rate of 1%, payable semi-annually in arrears on April 15 and October 15 of each year. The Company incurred approximately \$10.8 million in issuance costs for the issuance of the 2026 Notes.

### **Conversion Rights**

Before January 15, 2026, Noteholders may convert their 2026 Notes in the following circumstances:

- During any fiscal quarter (and only during such fiscal quarter) commencing after the fiscal quarter ending on May 31, 2021, if the last reported sale price per share of the Company's common stock exceeds 130% of the conversion price for each of at least twenty trading days (whether or not consecutive) during the thirty consecutive trading days ending on, and including, the last trading day of the immediately preceding fiscal quarter;
- During the five consecutive business days immediately after any ten consecutive trading day period (the "Measurement Period"), if the trading price per \$1,000 principal amount of 2026 Notes for each trading day of the Measurement Period was less than 98% of the product of the last reported sale price per share of Company's common stock on such trading day and the conversion rate on such trading day; or
- Upon the occurrence of certain corporate events or distributions on the Company's common stock, or if the Company calls such 2026 Notes for redemption, then the Noteholder of any Note may convert such Note at any time before the close of business on the business day immediately before the related redemption date.

From and after January 15, 2026, Noteholders may convert their 2026 Notes at any time at their election until the close of business on the second scheduled trading day immediately before the maturity date. The Company will satisfy its conversion obligations by paying cash up to the aggregate principal amount of 2026 Notes to be converted, by issuing shares of its common stock or a combination of cash and shares of its common stock, at its election. The initial conversion rate is 17.4525 shares of common stock per \$1,000 principal amount of the 2026 Notes, representing an initial conversion price of approximately \$57.30 per share of common stock. The conversion rate will be adjusted upon the occurrence of certain events, including spin-offs, tender offers, exchange offers, make-whole fundamental change and certain stockholder distributions.

### ***Repurchase Rights***

On or after April 20, 2024, and on or before the 50th scheduled trading day immediately before the maturity date, the Company may redeem for cash all or part of the 2026 Notes, subject to the partial redemption limitation, at a repurchase price equal to 100% of the principal amount, plus accrued and unpaid interest, if the last reported sale price per share of the Company's common stock exceeded 130% of the conversion price on (1) each of at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides a redemption notice and (2) the trading day immediately before the date the Company sends such notice. Pursuant to the partial redemption limitation, the Company may not elect to redeem less than all of the outstanding 2026 Notes unless at least \$100.0 million aggregate principal amount of 2026 Notes are outstanding and not subject to redemption as of the time it sends the related redemption notice.

### ***2021 Capped Call Transactions***

On April 8, 2021, in connection with the pricing of the 2026 Notes, the Company entered into privately negotiated capped call transactions ("2021 Capped Call Transactions") with one or more of the initial purchasers and/or their respective affiliates and/or other financial institutions. The 2021 Capped Call Transactions cover, subject to anti-dilution adjustments substantially similar to those applicable to the 2026 Notes, approximately 6.3 million shares (representing the number of shares of common stock initially underlying the 2026 Notes) of the Company's common stock. The 2021 Capped Call Transactions are generally expected to reduce potential dilution to our common stock upon any conversion of the 2026 Notes and/or offset any potential cash payments the Company is required to make in excess of the principal amount of converted 2026 Notes, as the case may be, with such reduction and/or offset subject to a cap. The cap price of the 2021 Capped Call Transactions will initially be \$89.88 per share of common stock, which represents a premium of 100% over the last reported sale price of the common stock of \$44.94 per share on April 8, 2021, and is subject to certain adjustments under the terms of the 2021 Capped Call Transactions. The cost of the purchased capped calls of \$43.1 million was recorded as a reduction to additional paid-in-capital upon settlement in April 2021.

We elected to integrate the 2021 capped call options with the applicable 2026 Notes for federal income tax purposes pursuant to applicable U.S. Treasury Regulations. Accordingly, the \$43.1 million gross cost of the purchased 2021 capped calls will be deductible for income tax purposes as original discount interest over the term of the 2026 Notes.

### ***Accounting for the 2026 Notes***

The Company adopted ASU 2020-06 using the modified retrospective approach on December 1, 2021. Under ASU 2020-06, we no longer separate the Notes into liability and equity components. We recognized the cumulative effect of applying this new standard as of December 1, 2021.

In accounting for the transaction, prior to the adoption of ASU 2020-06, the 2026 Notes were separated into liability and equity components.

The initial carrying amount of the liability component was calculated by measuring the fair value of a similar debt instrument that does not have an associated conversion feature. The amount initially recognized for the equity component totaled \$64.8 million. The excess of the 2026 Notes' principal amount over the initial carrying amount of the liability component, referred to as the debt discount, was amortized as interest expense over the 2026 Notes' contractual term. The equity component, which represented the difference between the gross proceeds and the initial liability component, was recorded as an increase to additional paid-in capital and was not remeasured.

Upon adoption of ASU 2020-06 on December 1, 2021, using the modified retrospective method, the Company reversed the separation of the debt and equity components and accounted for the 2026 Notes wholly as debt. The Company also reversed the amortization of the debt discount that was due to the equity component, with a cumulative adjustment to retained earnings on the adoption date. Further, the Company reversed the allocation of the issuance costs to the equity component and accounted for the entire amount as debt issuance cost that will be amortized as interest expense over the remaining term at an effective interest rate of 1.63% with a cumulative adjustment to retained earnings on the adoption date.

We recognized the cumulative effect of initially applying this new standard as of December 1, 2021 as an adjustment to the December 1, 2021 opening balance of retained earnings. The conversion option that was previously accounted for in equity under the cash conversion model was recombined into the convertible debt outstanding, and as a result, additional paid in capital and the related unamortized debt discount on the 2026 convertible senior notes were reduced. The removal of the remaining debt discount recorded for this previous separation has the effect of increasing our net debt balance. We recorded a \$47.5 million decrease to additional paid-in capital, a \$56.0 million decrease to debt discount, a \$4.9 million increase to retained earnings, and a \$13.4 million decrease to long-term deferred tax liabilities.

As a result of the adoption of ASU 2020-06, non-cash interest expense decreased by approximately \$11.5 million in 2022 and 2023 as well as in future periods due to the de-recognition of the debt discount associated with the previously bifurcated equity components of the 2026 Notes. Further, the standard requires the use of the if converted method to calculate diluted earnings per share.

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	November 30, 2022
Contractual interest expense (1% coupon)	\$ 3,610	\$ 3,600	\$ 3,600
Amortization of debt discount and issuance costs <sup>(1)</sup>	2,174	2,147	2,112
	<u>\$ 5,784</u>	<u>\$ 5,747</u>	<u>\$ 5,712</u>

<sup>(1)</sup>After the adoption of ASU 2020-06, the effective interest rate for the 2026 Notes was 1.63%. Prior to adoption of ASU 2020-06, the effective interest rate for the 2026 Notes was 5.71%.

## Credit Facility

On March 7, 2024, the Company entered into the Credit Agreement with certain lenders, which provides a \$900.0 million secured revolving credit facility. The revolving credit facility may be made available in U.S. Dollars and certain other currencies and may be increased, and new term loan commitments may be entered into, by up to an additional \$260.0 million if the existing or additional lenders are willing to make such increased commitments. The revolving credit facility has sublimits for swing line loans up to \$25.0 million and for the issuance of standby letters of credit in a face amount up to \$25.0 million.

Interest rates for the revolving credit facility are determined by reference to a Term Benchmark Rate or a base rate at our option and would range from 1.50% to 3.00% above the Term Benchmark Rate for Term Benchmark-based borrowings or from 0.50% to 2.00% above the defined base rate for base rate borrowings, in each case based upon our consolidated total net leverage ratio. Additionally, we may borrow certain foreign currencies at rates set in the same range above the respective Term Benchmark Rates for those currencies, based on our consolidated total net leverage ratio. A quarterly commitment fee on the undrawn portion of the revolving credit facility is required, ranging from 0.150% to 0.400% per annum, based upon our consolidated total net leverage ratio. The average interest rate of the revolving credit facility during the fiscal year ended November 30, 2024 was 6.80%, and the interest rate as of November 30, 2024 was 6.67%.

The credit facility matures on March 7, 2029. The revolving credit facility does not require amortization of principal. Revolving loans may be borrowed, repaid and reborrowed until the maturity date, at which time all amounts outstanding must be repaid. Accrued interest on the loans is payable quarterly in arrears. During October 2024, we partially funded our acquisition of ShareFile by drawing down \$730.0 million under the revolving line of credit. As of November 30, 2024, there was \$730.0 million outstanding under the revolving credit facility and \$2.6 million of letters of credit.

Costs incurred to obtain our long-term debt of \$6.0 million, along with \$1.0 million of unamortized debt issuance costs related to the previous credit agreement, were recorded as debt issuance costs and will be amortized over the term of the debt agreement using the effective interest method. Unamortized debt issuance costs related to the repaid term loan were expensed.

We are the sole borrower under the credit facility and our obligations under the Credit Agreement are guaranteed by each of our material domestic subsidiaries and are secured by substantially all of our assets and each of our material domestic subsidiaries. The Credit Agreement contains customary affirmative and negative covenants, including covenants that limit or restrict our ability to, among other things, grant liens, make investments, make acquisitions, incur indebtedness, merge or consolidate, dispose of assets, pay dividends or make distributions, repurchase stock, change the nature of the business, enter into certain transactions with affiliates and enter into burdensome agreements, in each case subject to customary exceptions for a credit facility of this size and type. We are also required to maintain compliance with a consolidated interest charge coverage ratio, a consolidated senior secured net leverage ratio and a consolidated total net leverage ratio.

## Note 9: Leases

The Company has operating leases for facilities, vehicles, and equipment under various non-cancelable lease agreements. The Company's leases have remaining lease terms ranging from 1 year to 8 years. The Company's lease terms may include options to extend or terminate the lease. The Company considers several economic factors when making the determination as to whether the Company will exercise options to extend or terminate the lease, including but not limited to, the significance of leasehold improvements incurred in the office space, the difficulty in replacing the asset, underlying contractual obligations, or specific characteristics unique to a particular lease. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Consideration in the contract is comprised of any fixed payments and variable payments that depend on an index or rate. Payments in the Company's operating lease arrangements primarily consist of base office rent. The Company makes variable payments on certain of its leases related to taxes, insurance, common area maintenance, and utilities, among other things. We sublease certain facilities to third parties, which have remaining lease terms of up to two years.

The components of net operating lease cost for the years ended November 30, 2024, 2023 and 2022 were as follows:

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	November 30, 2022
Lease costs under long-term operating leases	\$ 8,463	\$ 8,935	\$ 7,079
Lease costs under short-term operating leases	156	170	71
Variable lease cost under short-term and long-term operating leases <sup>(1)</sup>	410	354	282
Operating lease right-of-use asset impairment	2,432	115	—
Sublease income	(599)	(468)	—
Total net operating lease cost	<u>\$ 10,862</u>	<u>\$ 9,106</u>	<u>\$ 7,432</u>

<sup>(1)</sup> Lease costs that are not fixed at lease commencement.

The table below presents supplemental cash flow information related to leases during the years ended November 30, 2024, 2023 and 2022:

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	November 30, 2022
Cash paid for leases	\$ 11,556	\$ 10,472	\$ 8,571
Right-of-use assets recognized for new leases and amendments (non-cash)	\$ 19,404	\$ 3,444	\$ 451

Weighted average remaining lease term in years and weighted average discount rate are as follows:

	November 30, 2024	November 30, 2023
Weighted average remaining lease term in years	4.61	2.74
Weighted average discount rate	5.8 %	4.6 %

Future payments under non-cancelable leases at November 30, 2024 are as follows:

(in thousands)

2025	\$	11,140
2026		9,775
2027		6,118
2028		4,067
2029		3,771
Thereafter		6,024
Total lease payments		40,895
Less imputed interest		(5,434)
Present value of lease liabilities	\$	<u>35,461</u>

## Note 10: Commitments and Contingencies

### Guarantees and Indemnification Obligations

We include standard intellectual property indemnification provisions in our licensing agreements in the ordinary course of business. Pursuant to our product license agreements, we will indemnify, hold harmless, and agree to reimburse the indemnified party for losses suffered or incurred by the indemnified party, generally business partners or customers, in connection with certain patent, copyright or other intellectual property infringement claims by third parties with respect to our products. Other agreements with our customers provide indemnification for claims relating to property damage or personal injury resulting from the performance of services by us or our subcontractors. Historically, our costs to defend lawsuits or settle claims relating to such indemnity agreements have been insignificant. Accordingly, the estimated fair value of these indemnification provisions is immaterial.

### Purchase Obligations

In connection with our acquisition of ShareFile, we assumed an existing agreement for cloud-based hosting services through May 2029 with a third-party provider that was entered into by Cloud in the ordinary course of business. The agreement requires a purchase obligation of \$130.0 million throughout the term of the agreement. As of November 30, 2024, we had \$114.2 million of remaining obligations under this agreement. For the twelve months ended November 30, 2024, the total expense related to this purchase obligation was \$2.5 million and is recorded in cost of maintenance and services.

### Legal Proceedings

Please see Note 19: Cyber Related Matters for a discussion of legal proceedings related to the MOVEit Vulnerability.

We also are 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 other legal matters will have a material effect on our financial position, results of operations or cash flows.

## Note 11: Stockholders' Equity

### Preferred Stock

Our Board of Directors is authorized to establish one or more series of preferred stock and to fix and determine the number and conditions of preferred shares, including dividend rates, redemption and/or conversion provisions, if any, preferences and voting rights. As of November 30, 2024, there was no preferred stock issued or outstanding.

### Common Stock

We have 200,000,000 shares of authorized common stock, \$0.01 par value per share, of which 43,360,695 were issued and outstanding at November 30, 2024.

There were 349,364 deferred stock units ("DSUs") outstanding at November 30, 2024. Each DSU represents one share of our common stock and all DSU grants have been made to non-employee members of our Board of Directors. DSUs do not have voting rights and

can only be converted into common stock when the recipient ceases to be a member of the Board of Directors or a change in control of the Company occurs.

### Common Stock Repurchases

On January 10, 2023, our Board of Directors increased our share repurchase authorization by \$150.0 million, to an aggregate authorization of \$228.0 million. In fiscal years 2024, 2023, and 2022, we repurchased and retired 1.6 million, 0.6 million and 1.7 million shares of our common stock for \$86.8 million, \$34.0 million and \$77.0 million, respectively. As of November 30, 2024, there was \$107.2 million remaining under the current authorization.

### Note 12: Stock-Based Compensation

We currently have one stockholder-approved stock plan from which we can issue stock-based awards, which was approved by our stockholders in fiscal year 2008 and most recently amended and approved by stockholders in May 2024 ("2008 Plan"). The 2008 Plan permits the granting of stock awards to officers, members of the Board of Directors, employees and consultants. Awards under the 2008 Plan may include nonqualified stock options, incentive stock options, grants of conditioned or restricted stock, unrestricted grants of stock, grants of stock contingent upon the attainment of performance goals, deferred stock units and stock appreciation rights. A total of 6,048,610 shares were available for issuance as of November 30, 2024.

We had previously adopted two stock plans for which the approval of stockholders is not required: the 2002 Nonqualified Stock Plan ("2002 Plan") and the 2004 Inducement Stock Plan ("2004 Plan"). The 2002 Plan permits the granting of stock awards to non-executive officer employees and consultants. Executive officers and members of the Board of Directors are not eligible for awards under the 2002 Plan. Awards under the 2002 Plan may include nonqualified stock options, grants of conditioned or restricted stock, unrestricted grants of stock, grants of stock contingent upon the attainment of performance goals and stock appreciation rights. A total of 102,482 shares were available for issuance under the 2002 Plan as of November 30, 2024. Additional shares cannot be added to the 2002 Plan without stockholder approval. During the fiscal year ended November 30, 2024, we terminated the 2004 Plan.

Under all of our plans, the awards granted generally begin to vest within one year of the grant.

A summary of stock option activity under all the plans is as follows:

	Shares (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Options outstanding, December 1, 2023	2,052	\$ 44.09		
Granted	266	58.11		
Exercised	(379)	44.78		
Canceled	(113)	47.54		
Options outstanding, November 30, 2024	1,826	\$ 45.89	3.8	\$ 40,435
Exercisable, November 30, 2024	1,133	\$ 43.27	3.1	\$ 28,042
Vested or expected to vest, November 30, 2024	1,826	\$ 45.89	3.8	\$ 40,435

A summary of restricted stock units' activity is as follows:

<i>(in thousands, except per share data)</i>	Number of Shares	Weighted Average Fair Value
Restricted stock units outstanding, December 1, 2023	1,307	\$ 49.27
Granted	979	56.70
Issued	(796)	48.49
Canceled	(88)	53.60
Restricted stock units outstanding, November 30, 2024	1,402	\$ 54.62

Each restricted stock unit represents one share of common stock. The restricted stock units generally vest semi-annually over a three-year period. Performance-based restricted stock units are subject to multi-year performance criteria aligned with our business plan and are earned only to the extent the performance criteria are achieved.

The fair value of stock awards, restricted stock units and DSUs is equal to the closing price of our common stock on the date of grant, less the present value of expected dividends when applicable.

During the first quarter of fiscal years 2024, 2023 and 2022, we granted performance-based restricted stock units that include two performance metrics under a Long-Term Incentive Plan ("LTIP") where the performance measurement period is three years. For the 2024, 2023 and 2022 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 used 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 1991 Employee Stock Purchase Plan was most recently amended and approved by stockholders in May 2023 ("ESPP") and permits eligible employees to purchase up to an aggregate of 11,250,000 shares of our common stock through accumulated payroll deductions. The ESPP has a 27-month offering period comprised of nine three-month purchase periods. The purchase price of the stock is equal to 85% of the lesser of the market value of such shares at the beginning of a 27-month offering period or the end of each three-month segment within such offering period. If the market price at any of the nine purchase periods is less than the market price on the first date of the 27-month offering period, subsequent to the purchase, the offering period is canceled and the employee is entered into a new 27-month offering period with the then current market price as the new base price. We issued 324,000 shares, 279,000 shares, and 301,000 shares with weighted average purchase prices of \$38.08, \$36.88, and \$30.59 per share, respectively, in fiscal years 2024, 2023, and 2022, respectively. At November 30, 2024, approximately 783,000 shares were available and reserved for issuance under the ESPP.

We estimated the fair value of stock options and ESPP awards granted in fiscal years 2024, 2023, and 2022 on the measurement dates using the Black-Scholes option valuation model, and LTIP awards using the Monte Carlo Simulation valuation model, with the following weighted average assumptions:

	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	November 30, 2022
<b>Stock options:</b>			
Expected volatility	27.3 %	30.6 %	31.0 %
Risk-free interest rate	4.1 %	3.5 %	1.9 %
Expected life (in years)	4.8	4.8	4.8
Expected dividend yield	1.2 %	1.4 %	1.6 %
<b>Employee stock purchase plan:</b>			
Expected volatility	24.5 %	26.9 %	31.8 %
Risk-free interest rate	4.7 %	4.9 %	2.4 %
Expected life (in years)	1.2	1.2	1.2
Expected dividend yield	1.3 %	1.3 %	1.5 %
<b>Long-term incentive plan:</b>			
Expected volatility	26.9 %	31.4 %	35.1 %
Risk-free interest rate	4.1 %	3.8 %	1.3 %
Expected life (in years)	2.8	2.9	2.9
Expected dividend yield	— %	— %	— %

For each stock option award, the expected life in years is based on historical exercise patterns and post-vesting termination behavior. Expected volatility is based on historical volatility of our stock, and the risk-free interest rate is based on the U.S. Treasury yield curve for the period that is commensurate with the expected life at the time of grant. The expected annual dividend yield is based on the weighted-average of the dividend yield assumptions used for options granted during the applicable period. For each ESPP award, the

expected life in years is based on the period of time between the beginning of the offering period and the date of purchase, plus an additional holding period of three months.

Based on the above assumptions, the weighted average estimated fair value of stock options granted in fiscal years 2024, 2023, and 2022 was \$15.79, \$14.40, and \$10.95 per share, respectively. We amortize the estimated fair value of stock options to expense over the vesting period using the straight-line method. The weighted average estimated fair value for shares issued under our ESPP in fiscal years 2024, 2023, and 2022 was \$13.11, \$13.56, and \$11.01 per share, respectively. We amortize the estimated fair value of shares issued under the ESPP to expense over the vesting period using a graded vesting model.

Total unrecognized stock-based compensation expense, net of expected forfeitures, related to unvested stock options and unvested restricted stock awards amounted to \$65.8 million at November 30, 2024. These costs are expected to be recognized over a weighted average period of two years.

The following additional activity occurred under our plans:

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	November 30, 2022
Total intrinsic value of stock options on date exercised	\$ 7,471	\$ 12,171	\$ 1,717
Total fair value of deferred stock units on date vested	\$ 1,600	\$ 2,260	\$ 2,029
Total fair value of restricted stock units on date vested	\$ 47,145	\$ 33,402	\$ 25,597

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

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	November 30, 2022
Cost of maintenance and services	\$ 3,540	\$ 2,976	\$ 1,969
Sales and marketing	8,964	6,797	4,884
Product development	13,551	12,214	10,326
General and administrative	20,701	18,542	19,915
Total stock-based compensation	\$ 46,756	\$ 40,529	\$ 37,094
Income tax benefit included in the provision for income taxes	\$ 10,091	\$ 9,355	\$ 6,344

### Note 13: Retirement Plan

We maintain a retirement plan covering all U.S. employees under Section 401(k) of the Internal Revenue Code. Company contributions to the plan are at the discretion of the Board of Directors and totaled approximately \$4.0 million, \$3.8 million and \$3.3 million for fiscal years 2024, 2023 and 2022, respectively.

## Note 14: Revenue Recognition

### Timing of Revenue Recognition

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

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	November 30, 2022
Performance obligations transferred at a point in time:			
Software licenses	\$ 249,331	\$ 220,789	\$ 188,336
Performance obligations transferred over time:			
Maintenance	410,556	401,501	362,335
Services	93,522	72,149	51,342
Total revenue	<u>\$ 753,409</u>	<u>\$ 694,439</u>	<u>\$ 602,013</u>

### Geographic Revenue

In the following table, revenue attributed to the United States includes sales to customers in the U.S. and sales to certain multinational organizations. Revenue from Canada, 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>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	November 30, 2022
United States	\$ 421,890	\$ 380,672	\$ 310,917
Canada	25,105	30,998	30,237
EMEA	245,287	222,862	207,707
Latin America	20,305	21,112	18,053
Asia Pacific	40,822	38,795	35,099
Total revenue	<u>\$ 753,409</u>	<u>\$ 694,439</u>	<u>\$ 602,013</u>

No single customer, partner, or country outside of the U.S. has accounted for more than 10% of our consolidated revenue in any year presented.

### Contract Balances

#### *Unbilled Receivables and Contract Assets*

The timing of revenue recognition may differ from the timing of customer billing. When revenue is recognized prior to billing and the right to the amount due from customers is conditioned only on the passage of time, we record an unbilled receivable on our consolidated balance sheets. Our multi-year term license arrangements, which are typically billed annually, result in revenue recognition in advance of billing and the recognition of unbilled receivables.

As of November 30, 2024, billing of our long-term unbilled receivables is expected to occur as follows:

<i>(in thousands)</i>	
2026	\$ 24,708
2027	4,185
Total	<u>\$ 28,893</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 November 30, 2024 or 2023.

### **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 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 November 30, 2024, the changes in net deferred revenue were as follows:

*(in thousands)*

Balance, December 1, 2022	\$	282,440
Billings and other		673,919
Acquired from business combinations		33,116
Revenue recognized		(694,439)
Balance, November 30, 2023	\$	295,036
Billings and other		766,626
Acquired from business combinations		96,159
Revenue recognized that was deferred in prior periods		(270,965)
Revenue recognized from current period arrangements		(482,444)
Balance, November 30, 2024	\$	404,412

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 November 30, 2024, transaction price allocated to remaining performance obligations was \$488.5 million. We expect to recognize approximately 77% of the revenue within the next year and the remainder thereafter.

### **Deferred Contract Costs**

Deferred contract costs, which include certain sales incentive programs, are incremental and recoverable costs of obtaining a contract with a customer. Incremental costs of obtaining a contract with a customer are recognized as an asset if the expected benefit of those costs is longer than one year. We have applied the practical expedient to expense costs as incurred for costs to obtain a contract with a customer when the amortization period would have been one year or less. These costs include a large majority of our sales incentive programs as we have determined that annual compensation is commensurate with annual sales activities.

Certain of our sales incentive programs do 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 \$6.7 million, \$7.6 million, and \$8.8 million as of November 30, 2024, 2023, and 2022, respectively, and are included in other current assets and other assets on our consolidated balance sheets. Amortization of deferred contract costs is included in sales and marketing expense on our consolidated statement of operations and was minimal in all periods presented.

## Note 15: Restructuring

The following table provides a summary of activity for all of the restructuring actions, with material actions detailed further below:

<i>(in thousands)</i>	Excess Facilities and Other Costs	Employee Severance and Related Benefits	Total
Balance, December 1, 2021	\$ 4,483	\$ 1,889	\$ 6,372
Costs incurred	414	465	879
Cash disbursements	(1,027)	(2,321)	(3,348)
Translation adjustments and other	—	(3)	(3)
Balance, November 30, 2022	\$ 3,870	\$ 30	\$ 3,900
Costs incurred	1,117	7,290	8,407
Cash disbursements	(1,690)	(5,413)	(7,103)
Translation adjustments and other	—	(17)	(17)
Balance, November 30, 2023	\$ 3,297	\$ 1,890	\$ 5,187
Costs incurred	3,810	6,644	10,454
Cash disbursements	(2,768)	(2,833)	(5,601)
Translation adjustments and other	—	(6)	(6)
Balance, November 30, 2024	\$ 4,339	\$ 5,695	\$ 10,034

### 2024 Restructurings

During the fourth quarter of fiscal year 2024, we restructured our operations in connection with the acquisition of ShareFile and to streamline our organization to better align with our strategy. This restructuring resulted in a reduction in redundant positions and occurred within all functions and across most geographies in which we operate. Restructuring expenses are related to employee costs, including severance, health benefits and outplacement services. For the fiscal year ended November 30, 2024, we incurred expenses of \$5.7 million.

Cash disbursements for expenses incurred to date under this restructuring are expected to be made through the fourth quarter of fiscal year 2025. Accordingly, the balance of the restructuring reserve is included in other accrued liabilities on the consolidated balance sheets at November 30, 2024. We expect to incur additional expenses as part of this action during fiscal year 2025, but we do not expect these costs to be material.

A summary of activity for this restructuring action is as follows:

<i>(in thousands)</i>	Excess Facilities and Other Costs	Employee Severance and Related Benefits	Total
Balance, December 1, 2023	\$ —	\$ —	\$ —
Costs incurred	—	5,717	5,717
Cash disbursements	—	(509)	(509)
Translation adjustments and other	—	(2)	(2)
Balance, November 30, 2024	\$ —	\$ 5,206	\$ 5,206

### 2023 Restructurings

During the fourth quarter of fiscal year 2023, we restructured our operations to realign our business and strategic priorities. In connection with this restructuring, we reduced our global workforce by 2%. These workforce reductions occurred within all functions and across most geographies in which we operate. Restructuring expenses are related to employee costs, including severance, health benefits and outplacement services (but excluding stock-based compensation). For the fiscal years ended November 30, 2024 and 2023, we incurred expenses of \$0.9 million and \$1.7 million, respectively.

Cash disbursements for expenses incurred to date under this restructuring are expected to be made through fiscal year 2025. The restructuring reserve is included in other accrued liabilities on the consolidated balance sheets as of November 30, 2024. We do not expect to incur additional material expenses in connection with this restructuring.

During the first quarter of fiscal year 2023, we restructured our operations in connection with the acquisition of MarkLogic. This restructuring resulted in a reduction in redundant positions, primarily within administrative functions of MarkLogic. Additionally, in 2024, we terminated MarkLogic leases. For the fiscal years ended November 30, 2024 and 2023, we incurred expenses of \$2.9 million and \$5.7 million, respectively.

Cash disbursements for expenses incurred to date under this restructuring are expected to be made through fiscal year 2027. Accordingly, the balance of the restructuring reserve is included in short-term and long-term operating lease liabilities on the consolidated balance sheets at November 30, 2024. We expect to incur additional expenses as part of this action related to facility closures as we consolidate offices during fiscal year 2025.

## 2020 Restructurings

During the fourth quarter of fiscal year 2020, we restructured our operations in connection with the acquisition of Chef. This restructuring resulted in a reduction in redundant positions, primarily within the administrative functions of Chef. For the fiscal years ended November 30, 2024, 2023 and 2022, we incurred expenses of \$0.9 million, \$0.9 million and \$0.4 million, respectively.

Cash disbursements for expenses incurred to date under this restructuring are expected to be made through fiscal year 2027. Accordingly, the balance of the restructuring reserve is included in short-term and long-term operating lease liabilities on the consolidated balance sheets at November 30, 2024. We expect to incur additional expenses as part of this action related to facility closures as we consolidate offices in various locations during fiscal year 2025, but we do not expect these costs to be material.

## Note 16: Income Taxes

The components of income before income taxes are as follows:

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	November 30, 2022
U.S.	\$ 73,746	\$ 70,659	\$ 103,917
Foreign	20,518	8,998	13,338
<b>Total</b>	<b>\$ 94,264</b>	<b>\$ 79,657</b>	<b>\$ 117,255</b>

The provision for income taxes is comprised of the following:

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	November 30, 2022
<b>Current:</b>			
Federal	\$ 23,768	\$ 28,905	\$ 20,118
State	4,635	4,373	5,039
Foreign	5,173	4,823	4,631
<b>Total current</b>	<b>33,576</b>	<b>38,101</b>	<b>29,788</b>
<b>Deferred</b>			
Federal	(7,868)	(22,763)	(4,683)
State	(163)	(1,592)	(1,537)
Foreign	281	(4,286)	(1,382)
<b>Total deferred</b>	<b>(7,750)</b>	<b>(28,641)</b>	<b>(7,602)</b>
<b>Total</b>	<b>\$ 25,826</b>	<b>\$ 9,460</b>	<b>\$ 22,186</b>

A reconciliation of the income taxes incurred at the U.S. federal statutory rate compared to the effective tax rate is as follows:

(in thousands)	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	November 30, 2022
Tax at U.S. federal statutory rate	\$ 19,795	\$ 16,728	\$ 24,624
Foreign rate differences	(728)	(644)	475
Effects of foreign operations included in U.S. federal provision	1,158	447	401
State income taxes, net	1,480	1,814	2,424
Research credits	(2,513)	(894)	(1,268)
Non deductible stock-based compensation	2,625	2,498	2,725
Meals and entertainment	155	162	185
Compensation subject to 162(m)	1,028	928	878
Uncertain tax positions and tax settlements	(108)	(1,056)	(163)
Net excess tax benefit from stock-based compensation plans	(1,419)	(2,058)	(266)
Global intangible low tax inclusion	797	244	17
Foreign derived intangible deduction	(10,218)	(8,297)	(7,769)
Tax on unremitted earnings	13,889	—	—
Other	(115)	(412)	(77)
<b>Total</b>	<b>\$ 25,826</b>	<b>\$ 9,460</b>	<b>\$ 22,186</b>

The components of deferred tax assets and liabilities are as follows:

(in thousands)	November 30, 2024	November 30, 2023
<b>Deferred tax assets:</b>		
Accounts receivable	\$ 163	\$ 174
Accrued compensation	6,919	5,101
Accrued liabilities and other	5,638	2,511
Deferred revenue	40,199	20,204
Stock-based compensation	10,138	9,459
Original issue discount	12,055	5,135
Tax credit and loss carryforwards	23,654	34,948
Operating lease liabilities	6,335	3,208
Capitalized research and development	36,006	20,814
Gross deferred tax assets	141,107	101,554
Valuation allowance	(1,656)	(2,381)
<b>Total deferred tax assets</b>	<b>139,451</b>	<b>99,173</b>
<b>Deferred tax liabilities:</b>		
Goodwill	(27,646)	(25,454)
Right-of-use lease assets	(5,200)	(2,196)
Depreciation and amortization	(34,385)	(55,962)
Unremitted earnings of foreign subsidiaries	(13,674)	—
Prepaid expenses	(4,646)	(4,083)
<b>Total deferred tax liabilities</b>	<b>(85,551)</b>	<b>(87,695)</b>
<b>Total</b>	<b>\$ 53,900</b>	<b>\$ 11,478</b>

Under provisions of the Tax Cuts and Jobs Act pursuant to Internal Revenue Code Section 174, beginning in fiscal year 2023 specific research and experimental ("R&E") expenditures are now required to be capitalized and amortized over five years for U.S. R&E and fifteen years for foreign R&E.

The valuation allowance primarily applies to net operating loss carryforwards in foreign jurisdictions under conditions where realization is not more likely than not. The \$0.9 million decrease in the valuation allowance during fiscal year 2024 primarily relates to losses in a foreign subsidiary that have expired prior to utilization.

At November 30, 2024, we have federal and foreign net operating loss carryforwards of \$35.2 million expiring on various dates through 2035 and \$36.7 million that do not expire. In addition, we have state net operating loss carryforwards of \$39.9 million expiring on various dates through 2043 and \$15.6 million that do not expire. At November 30, 2024, we have state tax credit carryforwards of approximately \$1.7 million expiring on various dates through 2039 and \$3.2 million that may be carried forward indefinitely. In addition, we have federal tax credit carryforwards of approximately \$5.9 million expiring on various dates through 2039.

During the fourth quarter of 2024, we made the determination that a substantial portion of unremitted foreign earnings are no longer indefinitely reinvested. We made the decision as a direct result of changes in business needs related to the acquisition of ShareFile. As a result of the acquisition, the Company plans to utilize worldwide cash based on the needs of the parent entity. These amounts will be repatriated as needed. At November 30, 2024 we maintain a deferred tax liability of \$13.7 million for the U.S. federal, state and foreign withholding taxes expected to be imposed upon the repatriation of unremitted foreign earnings that are not considered indefinitely reinvested. There is approximately \$30.0 million of unremitted foreign earnings which are deemed to be indefinitely reinvested to support the working capital requirements of our foreign subsidiaries. A determination of the deferred tax liability on this amount is not practicable due to the complexities, variables and assumptions inherent in the hypothetical calculations.

As of November 30, 2024, the total amount of unrecognized tax benefits was \$5.2 million, of which \$1.3 million was recorded in other noncurrent liabilities on the consolidated balance sheet and \$3.9 million as a reduction of deferred tax assets, principally related to U.S net operating loss carryforwards and federal and state research and development tax credits.

A reconciliation of the balance of our unrecognized tax benefits is as follows:

<i>(in thousands)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	November 30, 2022
Balance, beginning of year	\$ 5,172	\$ 5,276	\$ 5,471
Tax positions related to a prior period	416	19	—
Tax positions acquired	311	423	—
Settlements with tax authorities	—	(367)	(45)
Lapses due to expiration of the statute of limitations	(665)	(179)	(150)
Balance, end of year	<u>\$ 5,234</u>	<u>\$ 5,172</u>	<u>\$ 5,276</u>

If recognized, all amounts of unrecognized tax benefits would affect the effective tax rate.

We recognize interest and penalties related to uncertain tax positions as a component of our provision for income taxes. There was a minimal amount of estimated interest and penalties recorded in the provision for income taxes in the periods presented. We have accrued \$0.3 million and \$0.5 million of estimated interest and penalties at November 30, 2024 and 2023, respectively. We do not expect any significant changes to the amount of unrecognized tax benefits in the next twelve months.

Our federal income tax returns have been examined or are closed by statute for all years prior to fiscal year 2021. Our state income tax returns have been examined or are closed by statute for all years prior to fiscal year 2020, and we are no longer subject to audit for those periods. Tax authorities for certain non-U.S. jurisdictions are also examining tax returns for various years dating back to 2016 and the Company does not expect the results of these examinations to be material to our consolidated balance sheets, cash flows or statements of income. With some exceptions, we are generally no longer subject to tax examinations in non-U.S. jurisdictions for years prior to fiscal year 2019.

## Note 17: 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 from continuing operations:

<i>(in thousands, except per share data)</i>	Fiscal Year Ended		
	November 30, 2024	November 30, 2023	November 30, 2022
Net income	\$ 68,438	\$ 70,197	\$ 95,069
Weighted average shares outstanding	43,268	43,456	43,475
Effect of dilution from common stock equivalents	992	1,158	772
Effect of dilution from if-converted convertible notes	167	44	—
Diluted weighted average shares outstanding	44,427	44,658	44,247
Earnings per share:			
Basic	\$ 1.58	\$ 1.62	\$ 2.19
Diluted	\$ 1.54	\$ 1.57	\$ 2.15

We excluded stock awards representing approximately 699,000 shares, 297,000 shares, and 1,751,000 shares of common stock from the calculation of diluted earnings per share in the fiscal years ended November 30, 2024, 2023 and 2022, respectively, because these awards were anti-dilutive.

The dilutive impact of the convertible debt on diluted earnings per share is measured using the if-converted method. However, because the principal amount 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 fiscal years ended November 30, 2024 and 2023, we included the 2026 Notes in our diluted earnings per share calculation. During the fiscal year ended November 30, 2022, we excluded the 2026 Notes in our diluted earnings per share calculation because the conversion feature in the 2026 Notes was out of the money. During the fiscal year ended November 30, 2024, 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.

## Note 18: Business Segments and International Operations

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.

Long-lived assets, comprised of our property and equipment, totaled \$7.9 million and \$8.2 million in the U.S. and \$5.8 million and \$7.0 million outside of the U.S. at November 30, 2024 and 2023, respectively. At November 30, 2024, Bulgaria accounted for more than 10% of our consolidated long-lived assets. At November 30, 2023, India accounted for more than 10% of our consolidated long-lived assets.

## Note 19: Cyber Related Matters

### *November 2022 Cyber Incident*

Following the detection of irregular activity on certain portions of our corporate network, we engaged outside cybersecurity experts and other incident response professionals to conduct a forensic investigation and assess the extent and scope of the incident. Costs for this incident were primarily related to the engagement of external cybersecurity experts and other incident response professionals. We did not incur costs related to this incident during fiscal year 2024 and do not expect to incur additional costs as the investigation is closed. For the fiscal year ended November 30, 2023, we incurred expenses of \$4.7 million, net of insurance reimbursements, related to this incident.

## *MOVEit Vulnerability*

### *Description of Event*

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 via a "zero-day vulnerability" that could provide for unauthorized escalated privileges and access to the customer's underlying environment (the "MOVEit Vulnerability"). A "zero-day vulnerability" is a vulnerability that has been publicly disclosed and/or exploited (e.g., by an independent researcher or threat actor) before the software vendor has an opportunity to patch it. We continue to monitor the impact of the MOVEit Vulnerability on our business, operations, and financial results. MOVEit Transfer and MOVEit Cloud represented less than 4% of our revenue in the periods presented.

### *Litigation and Governmental Investigations Arising from 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 the Judicial Panel on Multidistrict Litigation transferred to the District of Massachusetts for coordinated and consolidated proceedings (the "MDL"). The MDL has also consolidated the previously disclosed insurance subrogation claims (where an insurer is seeking recovery for expenses incurred on behalf of its insured in connection with the MOVEit Vulnerability) and, as of the date of this filing, one customer cross-claim.

We have also been cooperating with inquires and investigations from: (i) several domestic and foreign data privacy regulators (as of the date of this filing, we have assisted with all inquires and investigations, a number of which have been formally closed without regulatory action), (ii) several state attorneys general (as of the date of this filing, we have assisted with all inquires and investigations, and are not aware of any enforcement or regulatory actions directed against Progress), (iii) a U.S. federal law enforcement agency (as of the date of this filing, we have assisted with all inquiries under this investigation and this is not an enforcement action or formal governmental investigation targeting Progress), and (iv) on December 21, 2023, we received a preservation notice from the Federal Trade Commission (the "FTC"), but have not otherwise received a request for information, nor are we aware of any formal FTC investigation.

Such claims and investigations may have an adverse effect on how we operate our business and our results of operations, and in the future, we may be subject to additional governmental or regulatory investigations, as well as additional litigation or indemnification claims. Our financial liability arising from any of the foregoing will depend on many factors, including the extent to which governmental entities investigate the matter and limitations contained within our customer contracts; therefore, we are unable at this time to estimate the quantitative impact of any such liability with any reasonable degree of certainty. As our litigation response continues, we will continue to assess the potential impact of the MOVEit Vulnerability on our business, operations, and financial results. Also, each of the governmental inquiries and investigations mentioned above could result in adverse judgments, settlements, fines, penalties, or other resolutions, the amount, scope and timing of which could be material, but which we are currently unable to predict.

### *Expenses Incurred and Future Costs*

For the fiscal years ended November 30, 2024 and 2023, we incurred net costs of \$5.6 million and \$1.5 million, respectively, related to the MOVEit Vulnerability. The costs recognized are net of insurance recoveries of \$2.1 million and \$3.7 million, respectively. 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 judgments, 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 November 30, 2024.

### *Insurance Coverage*

During the period when the November 2022 Cyber Incident and 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 November 30, 2024, we have recorded approximately \$8.3 million in insurance recoveries, of which \$2.5 million was related to the

November 2022 Cyber Incident and \$5.8 million was related to the May 2023 MOVEit Vulnerability, providing us with approximately \$6.7 million of additional cybersecurity insurance coverage under the applicable policy (which is subject to a \$0.5 million retention per claim). We will pursue recoveries to the maximum extent available under our insurance policies.

## **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

### **Item 9A. 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 Annual Report. Based on this evaluation, we concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of November 30, 2024.

#### **(b) Management's Annual Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Our internal control system was designed to provide reasonable assurance to our management and board of directors regarding the preparation and fair presentation of published financial statements.

Our management assessed the effectiveness of our internal control over financial reporting as of November 30, 2024. Our assessment was based on the framework in the updated *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company acquired ShareFile on October 31, 2024. Management excluded ShareFile from its assessment of the effectiveness of the Company's internal control over financial reporting as of November 30, 2024. This exclusion was in accordance with SEC guidance that an assessment of a recently acquired business's internal control over financial reporting may be omitted from management's report on internal control over financial reporting in the year of acquisition of the business. ShareFile represented, in aggregate, approximately 1% of the Company's total consolidated assets (excluding goodwill and intangibles, which are included in the scope of the assessment) and less than 3% of total consolidated revenues, as of and for the year ended November 30, 2024. Based on our assessment we believe that as of November 30, 2024, our internal control over financial reporting is effective based on those criteria.

Deloitte & Touche LLP, our independent registered public accounting firm, which audited our consolidated financial statements, has issued an attestation report on our internal control over financial reporting, which is included in this Item 9A below.

#### **(c) Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting during the fiscal quarter ended November 30, 2024 that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

## **(d) Report of independent registered public accounting firm**

### **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the stockholders and the Board of Directors of Progress Software Corporation

#### **Opinion on Internal Control over Financial Reporting**

We have audited the internal control over financial reporting of Progress Software Corporation and subsidiaries (the "Company") as of November 30, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of November 30, 2024, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended November 30, 2024, of the Company and our report dated January 21, 2025, expressed an unqualified opinion on those financial statements.

As described in Management's Annual Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over financial reporting of ShareFile, which was acquired during the year ended November 30, 2024 and whose financial statements constitute approximately 1% of total assets (exclusive of acquired intangible assets and goodwill) and 3% of total revenues of the consolidated financial statement amounts as of and for the year ended November 30, 2024. Accordingly, our audit did not include the internal control over financial reporting of ShareFile.

#### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

#### **Definition and Limitations of Internal Control over Financial Reporting**

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Boston, Massachusetts  
January 21, 2025

## **Item 9B. Other Information**

On January 14, 2025, the Board of Directors of the Company approved an amendment to the Company's Bylaws to (i) delegate authority to the Company's Chief Executive Officer to approve the appointment of certain officer positions, including roles below the executive officer level and (ii) clarify and further enhance procedural mechanics in connection with stockholder nominations of directors, including by requiring a stockholder delivering a nomination notice pursuant to the advance notice provisions of the Bylaws to (A) fully comply with Rule 14a-19 under the Securities Exchange Act of 1934, as amended, and (B) deliver reasonable evidence that such stockholder has met the requirements of Rule 14a-19(a)(3) no later than five business days prior to the applicable stockholder meeting. The foregoing description of the amendment does not purport to be complete and is qualified in its entirety by reference to the Amended and Restated Bylaws filed as Exhibit 3.3 hereto and incorporated herein by reference.

### **(b) Insider Adoption or Termination of Trading Arrangements**

During the fourth quarter of fiscal year 2024, 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.

## **Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

## **PART III**

### **Item 10. Directors, Executive Officers and Corporate Governance**

This information will be contained in our definitive proxy statement for the 2025 Annual Meeting of Stockholders, to be filed within 120 days following the end of our fiscal year, and is incorporated herein by reference.

### **Item 11. Executive Compensation**

This information will be contained in our definitive proxy statement for the 2025 Annual Meeting of Stockholders, to be filed within 120 days following the end of our fiscal year, and is incorporated herein by reference.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

This information will be contained in our definitive proxy statement for the 2025 Annual Meeting of Stockholders, to be filed within 120 days following the end of our fiscal year, and is incorporated herein by reference.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

This information will be contained in our definitive proxy statement for the 2025 Annual Meeting of Stockholders, to be filed within 120 days following the end of our fiscal year, and is incorporated herein by reference.

### **Item 14. Principal Accounting Fees and Services**

This information will be contained in our definitive proxy statement for the 2025 Annual Meeting of Stockholders, to be filed within 120 days following the end of our fiscal year, and is incorporated herein by reference.

## PART IV

### Item 15. Exhibits and Financial Statement Schedules

#### (a) Documents Filed as Part of this Annual Report on Form 10-K

1. Financial Statements (included in Part II, Item 8 of this Annual Report on Form 10-K):

- [Report of Independent Registered Public Accounting Firm \(PCAOB ID No. 34\)](#)
- [Consolidated Balance Sheets as of November 30, 2024 and 2023](#)
- [Consolidated Statements of Operations for the years ended November 30, 2024, 2023 and 2022](#)
- [Consolidated Statements of Comprehensive Income for the years ended November 30, 2024, 2023 and 2022](#)
- [Consolidated Statements of Stockholders' Equity for the years ended November 30, 2024, 2023 and 2022](#)
- [Consolidated Statements of Cash Flows for the years ended November 30, 2024, 2023 and 2022](#)
- [Notes to Consolidated Financial Statements](#)

2. Financial Statement Schedules

Financial statement schedules are omitted as they are either not required or the information is otherwise included in the consolidated financial statements.

#### (b) Exhibits

The Company has filed with this report or incorporated by reference herein certain exhibits as specified below pursuant to Rule 12b-32 under the Exchange Act.

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date	Exhibit	
2.1*	<a href="#">Stock Purchase Agreement, dated January 3, 2023, between Progress Software Corporation, Vector Maven Holdings, Inc., and Vector Maven Holdings, L.P.</a>	8-K	1/3/2023	2.1	
2.2*	<a href="#">Asset Purchase Agreement, dated September 9, 2024, by and between Cloud Software Group, Inc. and Progress Software Corporation</a>	8-K	9/9/2024	2.1	
3.1	<a href="#">Certificate of Conversion from Non-Delaware Corporation to Delaware Corporation</a>	8-K	5/14/2015	3.1	
3.2	<a href="#">Certificate of Incorporation</a>	8-K	5/14/2015	3.2	
3.2.1	<a href="#">Certificate of Correction to Certification of Incorporation</a>	10-K	1/29/2016	3.2.1	
3.3	<a href="#">Amended and Restated By-Laws, as amended January 14, 2025</a>				X
4.1	<a href="#">Specimen certificate for the Common Stock</a>	10-K	1/30/2012	4.1	
4.2	<a href="#">Description of Registered Securities</a>	10-K	1/27/2020	4.2	
4.3	<a href="#">Indenture, dated as of April 13, 2021, between Progress Software Corporation and U.S. Bank National Association, as trustee</a>	8-K	4/13/2021	4.1	
4.4	<a href="#">Form of 1.00% Convertible Senior Note due 2026 (included as Exhibit A in Exhibit 4.3)</a>	8-K	4/13/2021	4.1	
4.5	<a href="#">Indenture, dated as of March 1, 2024, between Progress Software Corporation and U.S. Bank Trust Company, National Association, as trustee</a>	8-K	3/1/2024	4.1	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date	Exhibit	
4.6	<a href="#">Form of 3.50% Convertible Senior Note due 2030 (included as Exhibit A in Exhibit 4.5)</a>	8-K	3/1/2024	4.1	
10.1**	<a href="#">2002 Nonqualified Stock Plan, as amended and restated</a>	10-K	1/29/2016	10.5	
10.2**	<a href="#">2004 Inducement Stock Plan, as amended and restated</a>	10-K	1/29/2016	10.6	
10.3**	<a href="#">Progress Software Corporation 1991 Employee Stock Purchase Plan, as amended and restated</a>	DEF 14A	3/29/2023	Appendix B	
10.4**	<a href="#">Progress Software Corporation 2008 Stock Option and Incentive Plan, as amended and restated</a>	DEF 14A	3/27/2024	Appendix A	
10.5**	<a href="#">Form of Notice of Grant of Stock Options and Grant Agreement under the Progress Software Corporation 2008 Stock Option and Incentive Plan</a>	10-K	1/29/2014	10.9	
10.6**	<a href="#">Progress Software Corporation Corporate Executive Bonus Plan</a>	10-K	1/29/2013	10.10	
10.7**	<a href="#">Progress Software Corporation Compensation Program for Non-Employee Directors</a>				X
10.8**	<a href="#">Form of Performance-Based Stock Unit Agreement under the Amended and Restated Progress Software Corporation 2008 Stock Option and Incentive Plan</a>	10-K	1/26/2024	10.7	
10.9**	<a href="#">Form of Deferred Stock Unit Agreement under the Progress Software Corporation 2008 Stock Option and Incentive Plan</a>	10-K	1/29/2014	10.12	
10.10**	<a href="#">Form of Non-Qualified Stock Option Agreement for Non-Employee Directors under the Progress Software Corporation 2008 Stock Option and Incentive Plan (Initial Grant)</a>	10-K	1/29/2014	10.13	
10.11**	<a href="#">Form of Non-Qualified Stock Option Agreement for Non-Employee Directors under the Progress Software Corporation 2008 Stock Option and Incentive Plan (Annual Grant)</a>	10-K	1/29/2014	10.14	
10.12**	<a href="#">Form of Restricted Stock Unit Agreement under the Progress Software Corporation 2008 Stock Option and Incentive Plan</a>	10-K	1/29/2015	10.15	
10.13**	<a href="#">Employment Agreement, dated October 10, 2016, by and between Progress Software Corporation and Yogesh Gupta</a>	8-K	10/14/2016	10.1	
10.14**	<a href="#">Employee Retention and Motivation Agreement, dated as of October 10, 2016, by and between Progress Software Corporation and Yogesh Gupta</a>	8-K	10/14/2016	10.2	
10.15**	<a href="#">Employment Agreement, dated January 16, 2020, by and between Progress Software Corporation and Anthony Folger</a>	8-K	1/17/2020	10.1	
10.16**	<a href="#">Form of Employee Retention and Motivation Agreement (Amended and Restated as of January 9, 2023)</a>	10-K	1/26/2024	10.15	
10.17**	<a href="#">Form of Termination Letter (Executive Officers)</a>	10-K	1/27/2020	10.21	
10.18**	<a href="#">Form of Separation Agreement and Release (Executive Officers)</a>	10-K	1/27/2020	10.22	
10.19	<a href="#">Form of 2021 Capped Call Confirmation</a>	8-K	4/13/2021	10.1	
10.20	<a href="#">Form of 2024 Capped Call Confirmation</a>	8-K	3/1/2024	10.1	
10.21*	<a href="#">Fourth Amended and Restated Credit Agreement, dated as of March 7, 2024, by and among Progress Software Corporation, each of the lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Bank of America, N.A., Citibank, N.A. and Wells Fargo Bank, N.A., as Syndication Agents, Citizens Bank, N.A., PNC Bank, National Association, Silicon Valley Bank, a division of First-Citizens Bank &amp; Trust Company, and TD Bank, N.A., as Documentation Agents, and JPMorgan Chase Bank, N.A., BofA Securities, Inc., Citibank, N.A. and Wells Fargo Securities, LLC, as Joint Bookrunners and Joint Lead Arrangers</a>	8-K	3/8/2024	10.1	
19.1	<a href="#">Insider Trading Policy</a>				X
21.1	<a href="#">List of Subsidiaries of the Registrant</a>				X

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date	Exhibit	
23.1	<a href="#">Consent of Deloitte &amp; Touche LLP, Independent Registered Public Accounting Firm</a>				X
31.1	<a href="#">Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Yogesh Gupta</a>				X
31.2	<a href="#">Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Anthony Folger</a>				X
32.1†	<a href="#">Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>				
97	<a href="#">Progress Software Corporation Clawback Policy</a>	10-K	1/26/2024	97	
101***	The following materials from Progress Software Corporation's Annual Report on Form 10-K for the year ended November 30, 2024, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of November 30, 2024 and 2023, (ii) Consolidated Statements of Operations for the years ended November 30, 2024, 2023 and 2022, (iii) Consolidated Statements of Comprehensive Income for the years ended November 30, 2024, 2023 and 2022, (iv) Consolidated Statements of Stockholders' Equity for the years ended November 30, 2024, 2023 and 2022, and (v) Consolidated Statements of Cash Flows for the years ended November 30, 2024, 2023 and 2022.				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				

\* Certain schedules and exhibits have been omitted from this Exhibit pursuant to Item 601(a)(5) of Regulation S-K. Progress Software Corporation will furnish a copy of any omitted schedule or exhibit to the U.S. Securities and Exchange Commission or its staff upon request.

\*\* Management contract or compensatory plan or arrangement in which an executive officer or director of Progress Software Corporation participates.

\*\*\* Pursuant to Rule 406T of Regulations S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

† Furnished herewith.

### (c) Financial Statement Schedules

All schedules are omitted because they are not applicable or the required information is shown on the financial statements or notes hereto.

### Item 16. Form 10-K Summary

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on the 21st day of January 2025.

PROGRESS SOFTWARE CORPORATION

By: /s/ YOGESH K. GUPTA  
Yogesh K. Gupta  
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ YOGESH K. GUPTA</u> Yogesh K. Gupta	President and Chief Executive Officer (Principal Executive Officer)	January 21, 2025
<u>/s/ ANTHONY FOLGER</u> Anthony Folger	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	January 21, 2025
<u>/s/ DOMENIC LOCOCO</u> Domenic LoCoco	Chief Accounting Officer (Principal Accounting Officer)	January 21, 2025
<u>/s/ JOHN R. EGAN</u> John R. Egan	Non-Executive Chairman	January 21, 2025
<u>/s/ PAUL T. DACIER</u> Paul T. Dacier	Director	January 21, 2025
<u>/s/ RAINER GAWLICK</u> Rainer Gawlick	Director	January 21, 2025
<u>/s/ CHARLES F. KANE</u> Charles F. Kane	Director	January 21, 2025
<u>/s/ SAMSKRITI KING</u> Sanskriti King	Director	January 21, 2025
<u>/s/ DAVID A. KRALL</u> David A. Krall	Director	January 21, 2025
<u>/s/ ANGELA TUCCI</u> Angela Tucci	Director	January 21, 2025
<u>/s/ VIVIAN VITALE</u> Vivian Vitale	Director	January 21, 2025

**AMENDED AND RESTATED BYLAWS  
OF  
PROGRESS SOFTWARE CORPORATION**

**(A DELAWARE CORPORATION)**

**(as amended January 14, 2025)**

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# Article I Offices

## Section 1. Registered Office.

The registered office of the corporation in the State of Delaware shall be in the City of Wilmington, County of New Castle.

## Section 2. Other Offices.

The corporation shall also have and maintain an office or principal place of business at such place as may be fixed by the Board of Directors, and may also have offices at such other places, both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

# Article II Corporate Seal

## Section 3. Corporate Seal.

The Board of Directors may adopt a corporate seal. The corporate seal shall consist of a die bearing the name of the corporation and the inscription, "Corporate Seal-Delaware." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

# Article III Stockholders' Meetings

## Section 4. Place Of Meetings.

Meetings of the stockholders of the corporation may be held at such place, either within or without the State of Delaware, as may be determined from time to time by the Board of Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as provided under the Delaware General Corporation Law ("**DGCL**").

## Section 5. Annual Meetings.

(a) The annual meeting of the stockholders of the corporation, for the purpose of election of directors and for such other business as may properly come before it, shall be held on such date and at such time as may be designated from time to time by the Board of Directors. Nominations of persons for election to the Board of Directors of the corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders: (i) pursuant to the corporation's notice of meeting of stockholders (with respect to business other than nominations); (ii) brought specifically by or at the direction of the Board of Directors; or (iii) by any stockholder of the corporation who was a stockholder of record at the time of giving the stockholder's notice provided for in Section 5(b) below, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 5 and who complies with the requirements of Section 14a-19 under the 1934 Act. For the avoidance of doubt, clause (iii) above shall be the exclusive means for a stockholder to make nominations and submit other business (other than matters properly included in the corporation's notice of meeting of stockholders and proxy statement under Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (the "**1934 Act**")) before an annual meeting of stockholders.

(b) At an annual meeting of the stockholders, only such business shall be conducted as is a proper matter for stockholder action under Delaware law and as shall have been properly brought before the meeting.

(i) For nominations for the election to the Board of Directors to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a) of these Bylaws, the stockholder must deliver written notice to the Corporate Secretary at the principal executive offices of the corporation on a timely basis as set forth in Section 5(b)(iii) and must update and supplement such written notice on a timely basis as set forth in Section 5(c). Such stockholder's notice shall set forth: (A) as to each nominee such stockholder proposes to nominate at the meeting: (1) the name, age, business address and residence address of such nominee, (2) the principal occupation or employment of such nominee, (3) the class and number of shares of each class of capital stock of the corporation which are owned of record and beneficially by such nominee, (4) the date or dates on which such shares were acquired and the investment intent of such acquisition, (5) a statement whether such nominee, if elected, intends to tender, promptly following such person's failure to receive the required vote for election or re-election at the next meeting at which such person would face election or re-election, an

irrevocable resignation effective upon acceptance of such resignation by the Board of Directors, and (6) such other information concerning such nominee as would be required to be disclosed in a proxy statement soliciting proxies for the election of such nominee as a director in an election contest (even if an election contest is not involved), or that is otherwise required to be disclosed pursuant to Section 14 of the 1934 Act and the rules and regulations promulgated thereunder, including Rule 14a-19 (including such person's written consent to being named as a nominee and to serving as a director if elected); and (B) the information required by Section 5(b)(iv). The corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as an independent director of the corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such proposed nominee.

(ii) Other than proposals sought to be included in the corporation's proxy materials pursuant to Rule 14a-8 under the 1934 Act, for business other than nominations for the election to the Board of Directors to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a) of these Bylaws, the stockholder must deliver written notice to the Corporate Secretary at the principal executive offices of the corporation on a timely basis as set forth in Section 5(b)(iii), and must update and supplement such written notice on a timely basis as set forth in Section 5(c). Such stockholder's notice shall set forth: (A) as to each matter such stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting, and any material interest (including any anticipated benefit of such business to any Proponent (as defined below) other than solely as a result of its ownership of the corporation's capital stock, that is material to any Proponent individually, or to the Proponents in the aggregate) in such business of any Proponent; and (B) the information required by Section 5(b)(iv).

(iii) To be timely the written notice required by Section 5(b)(i) or 5(b)(ii) must be received by the Corporate Secretary at the principal executive offices of the corporation not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one hundred twentieth (120th) day prior to the first anniversary of the preceding year's annual meeting; provided, however, that, subject to the last sentence of this Section 5(b)(iii), in the event that the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so received not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or

the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. In no event shall an adjournment or a postponement of an annual meeting for which notice has been given, or the public announcement thereof has been made, commence a new time period for the giving of a stockholder's notice as described above.

(iv) The written notice required by Section 5(b)(i) or 5(b)(ii) shall also set forth, as of the date of the notice and as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (each, a "**Proponent**" and collectively, the "**Proponents**"): (A) the name and address of each Proponent, as they appear on the corporation's books; (B) the class, series and number of shares of the corporation that are owned beneficially and of record by each Proponent; (C) a description of any agreement, arrangement or understanding (whether oral or in writing) with respect to such nomination or proposal between or among any Proponent and any of its affiliates or associates, and any others (including their names) acting in concert, or otherwise under the agreement, arrangement or understanding, with any of the foregoing; (D) a representation that the Proponents are holders of record or beneficial owners, as the case may be, of shares of the corporation entitled to vote at the meeting and intend to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice (with respect to a notice under Section 5(b)(i)) or to propose the business that is specified in the notice (with respect to a notice under Section 5(b)(ii)); (E) a representation as to whether the Proponents intend to deliver a proxy statement and form of proxy to holders of a sufficient number of holders of the corporation's voting shares to elect such nominee or nominees (with respect to a notice under Section 5(b)(i)) or to carry such proposal (with respect to a notice under Section 5(b)(ii)); (F) to the extent known by any Proponent, the name and address of any other stockholder supporting the proposal on the date of such stockholder's notice; and (G) a description of all Derivative Transactions (as defined below) by each Proponent during the previous twelve (12) month period, including the date of the transactions and the class, series and number of securities involved in, and the material economic terms of, such Derivative Transactions.

For purposes of Sections 5 and 6, a "**Derivative Transaction**" means any agreement, arrangement, interest or understanding entered into by, or on behalf or for the benefit of, any Proponent or any of its affiliates or associates, whether record or beneficial:

(w) the value of which is derived in whole or in part from the value of any class or series of shares or other securities of the corporation,

(x) which otherwise provides any direct or indirect opportunity to gain or share in any gain derived from a change in the value of securities of the corporation,

(y) the effect or intent of which is to mitigate loss, manage risk or benefit of security value or price changes, or

(z) which provides the right to vote or increase or decrease the voting power of, such Proponent, or any of its affiliates or associates, with respect to any securities of the corporation,

which agreement, arrangement, interest or understanding may include, without limitation, any option, warrant, debt position, note, bond, convertible security, swap, stock appreciation right, short position, profit interest, hedge, right to dividends, voting agreement, performance-related fee or arrangement to borrow or lend shares (whether or not subject to payment, settlement, exercise or conversion in any such class or series), and any proportionate interest of such Proponent in the securities of the corporation held by any general or limited partnership, or any limited liability company, of which such Proponent is, directly or indirectly, a general partner or managing member.

(c) A stockholder providing written notice required by Section 5(b)(i) or (ii) shall update and supplement such notice in writing, if necessary, so that the information provided or required to be provided in such notice is true and correct in all material respects as of (i) the record date for the meeting and (ii) the date that is five (5) business days prior to the meeting and, in the event of any adjournment or postponement thereof, five (5) business days prior to such adjourned or postponed meeting. In the case of an update and supplement pursuant to clause (i) of this Section 5(c), such update and supplement shall be received by the Corporate Secretary at the principal executive offices of the corporation not later than five (5) business days after the record date for the meeting. In the case of an update and supplement pursuant to clause (ii) of this Section 5(c), such update and supplement shall be received by the Corporate Secretary at the principal executive offices of the corporation not later than two (2) business days prior to the date for the meeting, and, in the event of any adjournment or postponement thereof, two (2) business days prior to such adjourned or postponed meeting. In addition, any stockholder providing a notice of nomination shall further update and supplement such notice to provide evidence that the stockholder has solicited proxies from holders representing at least 67% of the voting power of the shares entitled to vote in the election of directors, and such update and supplement shall be delivered to or be mailed and received by the Corporate Secretary at the principal executive offices of the corporation not later than five (5) business days after the stockholder files a definitive proxy statement in connection with such annual meeting or special meeting.

(d) Notwithstanding anything in Section 5(b)(iii) to the contrary, in the event that the number of directors is increased and there is no public announcement of the appointment of a director to fill

such vacancy, or, if no appointment was made, of such vacancy, made by the corporation at least ten (10) days before the last day a stockholder may deliver a notice of nomination in accordance with Section 5(b)(iii), a stockholder's notice required by this Section 5 and which complies with the requirements in Section 5(b)(i), other than the timing requirements in Section 5(b)(iii), shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be received by the Corporate Secretary at the principal executive offices of the corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the corporation.

(e) A person shall not be eligible for election or re-election as a director unless the person is nominated either in accordance with clause (ii) of Section 5(a), or in accordance with clause (iii) of Section 5(a). Except as otherwise required by law, the chairperson of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws or Rule 14a-19 under the 1934 Act, or the Proponent does not act in accordance with the representations in Sections 5(b)(iv)(D) and 5(b)(iv)(E), to declare that such proposal or nomination shall not be presented for stockholder action at the meeting and shall be disregarded, notwithstanding that proxies in respect of such nominations or such business may have been solicited or received.

(f) Notwithstanding the foregoing provisions of this Section 5, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholders' meeting, a stockholder must also comply with all applicable requirements of the 1934 Act and the rules and regulations thereunder. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the 1934 Act; provided, however, that any references in these Bylaws to the 1934 Act or the rules and regulations thereunder are not intended to and shall not limit the requirements applicable to proposals and/or nominations to be considered pursuant to Section 5(a)(iii) of these Bylaws.

(g) For purposes of Sections 5 and 6,

(i) "**public announcement**" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the 1934 Act; and

(ii) “**affiliates**” and “**associates**” shall have the meanings set forth in Rule 405 under the Securities Act of 1933, as amended (the “**1933 Act**”).

## **Section 6. Special Meetings.**

(a) Special meetings of the stockholders of the corporation may be called, for any purpose as is a proper matter for stockholder action under Delaware law, by (i) the Chairperson of the Board of Directors, (ii) the Chief Executive Officer, (iii) the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption), or (iv) the Corporate Secretary, or in case of the death, absence, incapacity or refusal of the Corporate Secretary, by any other officer, upon written application of one or more stockholders who hold at least forty percent (40%) in interest of the capital stock of the corporation entitled to vote at such meeting.

(b) The Board of Directors shall determine the time and place, if any, of such special meeting. Upon determination of the time and place, if any, of the meeting, the Corporate Secretary shall cause a notice of meeting to be given to the stockholders entitled to vote, in accordance with the provisions of Section 7 of these Bylaws. No business may be transacted at such special meeting otherwise than specified in the notice of meeting.

(c) Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the corporation who is a stockholder of record at the time of giving notice provided for in this paragraph, who shall be entitled to vote at the meeting and who delivers written notice to the Corporate Secretary of the corporation setting forth the information required by Section 5(b)(i). In the event the corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder of record may nominate a person or persons (as the case may be), for election to such position(s) as specified in the corporation’s notice of meeting, if written notice setting forth the information required by Section 5(b)(i) of these Bylaws shall be received by the Corporate Secretary at the principal executive offices of the corporation not later than the close of business on the later of the ninetieth (90th) day prior to such meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The stockholder shall also update and supplement such information as required under Section 5(c). In no event shall an adjournment or a postponement of a special meeting for which notice has

been given, or the public announcement thereof has been made, commence a new time period for the giving of a stockholder's notice as described above.

(d) Notwithstanding the foregoing provisions of this Section 6, a stockholder must also comply with all applicable requirements of the 1934 Act and the rules and regulations thereunder with respect to matters set forth in this Section 6. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the 1934 Act; provided, however, that any references in these Bylaws to the 1934 Act or the rules and regulations thereunder are not intended to and shall not limit the requirements applicable to nominations for the election to the Board of Directors to be considered pursuant to Section 6(c) of these Bylaws.

## **Section 7. Notice Of Meetings.**

Except as otherwise provided by law, notice, given in writing or by electronic transmission, of each meeting of stockholders shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting, such notice to specify the place, if any, date and hour, in the case of special meetings, the purpose or purposes of the meeting, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at any such meeting. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation. Notice of the time, place, if any, and purpose of any meeting of stockholders may be waived in writing, signed by the person entitled to notice thereof, or by electronic transmission by such person, either before or after such meeting, and will be waived by any stockholder by his or her attendance thereat in person, by remote communication, if applicable, or by proxy, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

## **Section 8. Quorum.**

At all meetings of stockholders, except where otherwise provided by statute or by the Certificate of Incorporation, or by these Bylaws, the presence, in person, by remote communication, if applicable, or by proxy duly authorized, of the holders of a majority of the outstanding shares of stock entitled to vote shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, either by the chairperson of the meeting or by vote of the holders of a majority of the shares represented thereat, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Except as otherwise provided by statute or by applicable stock exchange rules, or by the Certificate of Incorporation or these Bylaws, in all matters other than the election of directors, the affirmative vote of the majority of shares present in person, by remote communication, if applicable, or represented by proxy at the meeting and entitled to vote generally on the subject matter shall be the act of the stockholders. Except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws, directors shall be elected by a plurality of the votes of the shares present in person, by remote communication, if applicable, or represented by proxy at the meeting and entitled to vote generally on the election of directors. Where a separate vote by a class or classes or series is required, except where otherwise provided by the statute or by the Certificate of Incorporation or these Bylaws, a majority of the outstanding shares of such class or classes or series, present in person, by remote communication, if applicable, or represented by proxy duly authorized, shall constitute a quorum entitled to take action with respect to that vote on that matter. Except where otherwise provided by statute or by the Certificate of Incorporation or these Bylaws, the affirmative vote of the majority (plurality, in the case of the election of directors) of shares of such class or classes or series present in person, by remote communication, if applicable, or represented by proxy at the meeting shall be the act of such class or classes or series.

## **Section 9. Adjournment And Notice Of Adjourned Meetings.**

Any meeting of stockholders, whether annual or special, may be adjourned from time to time either by the chairperson of the meeting or by the vote of a majority of the shares present in person, by remote communication, if applicable, or represented by proxy at the meeting. When a meeting is adjourned to another time or place, if any, notice need not be given of the adjourned meeting if the time and place, if any, thereof are announced at the meeting at which the

adjournment is taken. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

## **Section 10. Voting Rights.**

For the purpose of determining those stockholders entitled to vote at any meeting of the stockholders, except as otherwise provided by law, only persons in whose names shares stand on the stock records of the corporation on the record date, as provided in Section 12 of these Bylaws, shall be entitled to vote at any meeting of stockholders. Every person entitled to vote shall have the right to do so either in person, by remote communication, if applicable, or by an agent or agents authorized by a proxy granted in accordance with Delaware law. An agent so appointed need not be a stockholder. No proxy shall be voted after three (3) years from its date of creation unless the proxy provides for a longer period.

## **Section 11. Joint Owners Of Stock.**

If shares or other securities having voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the Corporate Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one (1) votes, his or her act binds all; (b) if more than one (1) votes, the act of the majority so voting binds all; (c) if more than one (1) votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Delaware Court of Chancery for relief as provided in the DGCL, Section 217(b). If the instrument filed with the Corporate Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of subsection (c) shall be a majority or even-split in interest.

## **Section 12. List Of Stockholders.**

The Corporate Secretary shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. The list shall be open to examination of any stockholder during the time of the meeting as provided by law.

## **Section 13. Action Without Meeting.**

No action shall be taken by the stockholders except at an annual or special meeting of stockholders called in accordance with these Bylaws, and no action shall be taken by the stockholders by written consent or by electronic transmission.

## **Section 14. Organization.**

(a) At every meeting of stockholders, the Chairperson of the Board of Directors, or, if a Chairperson has not been appointed or is absent, the Chief Executive Officer, or if no Chief Executive Officer is then serving or is absent, the President, or, if the President is absent, a chairperson of the meeting chosen by a majority in interest of the stockholders entitled to vote, present in person or by proxy, shall act as chairperson. The Chairperson of the Board may appoint the Chief Executive Officer as chairperson of the meeting. The Corporate Secretary, or, in his or her absence, an Assistant Corporate Secretary or other officer or other person directed to do so by the chairperson of the meeting, shall act as secretary of the meeting.

(b) The Board of Directors of the corporation shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairperson of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairperson, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation,

establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to stockholders of record of the corporation and their duly authorized and constituted proxies and such other persons as the chairperson shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting on matters which are to be voted on by ballot. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting. Unless and to the extent determined by the Board of Directors or the chairperson of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

## **Article IV Directors**

### **Section 15. Number And Term Of Office.**

The authorized number of directors of the corporation shall be fixed in accordance with the Certificate of Incorporation. Directors need not be stockholders unless so required by the Certificate of Incorporation. If for any cause, the directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient at a special meeting of the stockholders called for that purpose in the manner provided in these Bylaws.

### **Section 16. Powers.**

The powers of the corporation shall be exercised, its business conducted and its property controlled by the Board of Directors, except as may be otherwise provided by statute or by the Certificate of Incorporation.

### **Section 17. Term.**

Each director shall serve until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

## **Section 18. Vacancies.**

Unless otherwise provided in the Certificate of Incorporation, and subject to the rights of the holders of any series of Preferred Stock or as otherwise provided by applicable law, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Board of Directors, or by a sole remaining director, and not by the stockholders, provided, however, that whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the Certificate of Incorporation, vacancies and newly created directorships of such class or classes or series shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders, be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected, and not by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified. A vacancy in the Board of Directors shall be deemed to exist under this Bylaw in the case of the death, removal or resignation of any director.

## **Section 19. Resignation.**

Any director may resign at any time by delivering his or her notice in writing or by electronic transmission to the Corporate Secretary, such resignation to specify whether it will be effective at a particular time. If no such specification is made, the Corporate Secretary, in his or her discretion, may either (a) require confirmation from the director prior to deeming the resignation effective, in which case the resignation will be deemed effective upon receipt of such confirmation, or (b) deem the resignation effective at the time of delivery of the resignation to the Corporate Secretary. When one or more directors shall resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each Director so chosen shall hold office for the unexpired portion of the term of the Director whose place shall be vacated and until his or her successor shall have been duly elected and qualified.

## Section 20. Removal.

Subject to any limitation imposed by law, any individual director or directors may be removed with or without cause by the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the voting power of all then outstanding shares of capital stock of the corporation entitled to vote generally at an election of directors, voting together as a single class.

## Section 21. Meetings.

(a) **Regular Meetings.** Unless otherwise restricted by the Certificate of Incorporation, regular meetings of the Board of Directors may be held at any time or date and at any place within or without the State of Delaware which has been designated by the Board of Directors and publicized among all directors, either orally or in writing, by telephone, including a voice-messaging system or other system designed to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other electronic means. No further notice shall be required for regular meetings of the Board of Directors.

(b) **Special Meetings.** Unless otherwise restricted by the Certificate of Incorporation, special meetings of the Board of Directors may be held at any time and place within or without the State of Delaware whenever called by the Chairperson of the Board, the Chief Executive Officer or a majority of the total number of authorized directors.

(c) **Meetings by Electronic Communications Equipment.** Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

(d) **Notice of Special Meetings.** Notice of the time and place of all special meetings of the Board of Directors shall be orally or in writing, by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other electronic means, during normal business hours, at least twenty-four (24) hours before the date and time of the meeting. If notice is sent by US mail, it shall be sent by first class mail, charges prepaid, at least three (3) days before the date of the meeting. Notice of any meeting may be waived in writing, or by electronic transmission, at any time before or after the meeting and will be waived by any director by attendance thereat,

except when the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

(e) **Waiver of Notice.** The transaction of all business at any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though it had been transacted at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present who did not receive notice shall sign a written waiver of notice or shall waive notice by electronic transmission. All such waivers shall be filed with the corporate records or made a part of the minutes of the meeting.

## **Section 22. Quorum And Voting.**

(a) Unless the Certificate of Incorporation requires a greater number, and except with respect to questions related to indemnification arising under Section 44 for which a quorum shall be one-third of the exact number of directors fixed from time to time, a quorum of the Board of Directors shall consist of a majority of the exact number of directors fixed from time to time by the Board of Directors in accordance with the Certificate of Incorporation; provided, however, at any meeting whether a quorum be present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting.

(b) At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by the affirmative vote of a majority of the directors present, unless a different vote be required by law, the Certificate of Incorporation or these Bylaws.

## **Section 23. Action Without Meeting.**

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and such writing or writings or transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

## Section 24. Fees And Compensation.

Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors, including, if so approved, by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, for attendance at each regular or special meeting of the Board of Directors and at any meeting of a committee of the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise and receiving compensation therefor.

## Section 25. Committees.

(a) **Executive Committee.** The Board of Directors may appoint an Executive Committee to consist of one (1) or more members of the Board of Directors. The Executive Committee, to the extent permitted by law and provided in the resolution of the Board of Directors shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to (i) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopting, amending or repealing any Bylaw of the corporation.

(b) **Other Committees.** The Board of Directors may, from time to time, appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors shall consist of one (1) or more members of the Board of Directors and shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committees, but in no event shall any such committee have the powers denied to the Executive Committee in these Bylaws.

(c) **Term.** The Board of Directors, subject to any requirements of any outstanding series of Preferred Stock and the provisions of subsections (a) or (b) of this Section 25, may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member shall terminate on the date of his or her death or voluntary resignation from the committee or from the Board of Directors. The Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or

increase in the number of members of the committee. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

(d) **Meetings.** Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 25 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter. Special meetings of any such committee may be held at any place which has been determined from time to time by such committee, and may be called by any Director who is a member of such committee, upon notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any special meeting of any committee may be waived in writing or by electronic transmission at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends such special meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Unless otherwise provided by the Board of Directors in the resolutions authorizing the creation of the committee, a majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee.

## **Section 26. Duties of Chairperson of the Board of Directors.**

The Chairperson of the Board of Directors, if appointed and when present, shall preside at all meetings of the stockholders and the Board of Directors. The Chairperson of the Board of Directors shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time.

## **Section 27. Organization.**

At every meeting of the directors, the Chairperson of the Board of Directors, or, if a Chairperson has not been appointed or is absent, the Chief Executive Officer (if a director), or, if a Chief Executive Officer is absent, the President (if a director), or if the President is absent, the most senior Vice President (if a director), or, in the absence of any such person, a chairperson of the meeting chosen by a majority of the directors present, shall preside over the meeting. The Corporate Secretary, or in his or her absence, any Assistant Corporate Secretary or other officer, director or other person directed to do so by the person presiding over the meeting, shall act as secretary of the meeting.

# **Article V Officers**

## **Section 28. Officers Designated.**

The officers of the corporation shall include, if and when designated by the Board of Directors, the Chief Executive Officer, the President, one or more Vice Presidents, the Corporate Secretary, the Chief Financial Officer and the Treasurer. The Board of Directors may also appoint one or more Assistant Corporate Secretaries and Assistant Treasurers and such other officers and agents with such powers and duties as it shall deem necessary. The Board of Directors may assign such additional titles to one or more of the officers as it shall deem appropriate. Notwithstanding the foregoing, the Chief Executive Officer or President may from time to time appoint one or more senior vice presidents, vice presidents, assistant corporate secretaries, assistant treasurers or other officers. Any one person may hold any number of offices of the corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board of Directors.

## **Section 29. Tenure And Duties Of Officers.**

(a) **General.** All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly elected and qualified, unless sooner removed. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of

Directors. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

(b) **Duties of Chief Executive Officer.** The Chief Executive Officer shall preside at all meetings of the stockholders and at all meetings of the Board of Directors (if a director), unless the Chairperson of the Board of Directors has been appointed and is present. Unless an officer has been appointed Chief Executive Officer of the corporation, the President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. To the extent that a Chief Executive Officer has been appointed and no President has been appointed, all references in these Bylaws to the President shall be deemed references to the Chief Executive Officer. The Chief Executive Officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time.

(c) **Duties of President.** The President shall preside at all meetings of the stockholders and at all meetings of the Board of Directors (if a director), unless the Chairperson of the Board of Directors or the Chief Executive Officer has been appointed and is present. Unless another officer has been appointed Chief Executive Officer of the corporation, the President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. The President shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time.

(d) **Duties of Vice Presidents.** A Vice President may assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant. A Vice President shall perform other duties commonly incident to their office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or, if the Chief Executive Officer has not been appointed or is absent, the President shall designate from time to time.

(e) **Duties of Corporate Secretary.** The Corporate Secretary shall attend all meetings of the stockholders and of the Board of Directors and shall record all acts and proceedings thereof in the minute book of the corporation. The Corporate Secretary shall give notice in conformity with these Bylaws of all meetings of the stockholders and of all meetings of the Board of Directors and any committee thereof requiring notice. The Corporate Secretary shall perform all other duties provided for in these Bylaws and other duties commonly incident to the office and shall

also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time. The Chief Executive Officer, or if no Chief Executive Officer is then serving, the President may direct any Assistant Corporate Secretary or other officer to assume and perform the duties of the Corporate Secretary in the absence or disability of the Corporate Secretary, and each Assistant Corporate Secretary shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President shall designate from time to time.

**(f) Duties of Chief Financial Officer.** The Chief Financial Officer shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President. The Chief Financial Officer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Chief Financial Officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President shall designate from time to time. To the extent that a Chief Financial Officer has been appointed and no Treasurer has been appointed, all references in these Bylaws to the Treasurer shall be deemed references to the Chief Financial Officer. The President may direct the Treasurer, if any, or any Assistant Treasurer, or the controller or any assistant controller to assume and perform the duties of the Chief Financial Officer in the absence or disability of the Chief Financial Officer, and each Treasurer and Assistant Treasurer and each controller and assistant controller shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President shall designate from time to time.

**(g) Duties of Treasurer.** Unless another officer has been appointed Chief Financial Officer of the corporation, the Treasurer shall be the chief financial officer of the corporation and shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President, and, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Treasurer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive

Officer is then serving, the President and Chief Financial Officer (if not Treasurer) shall designate from time to time.

### **Section 30. Delegation Of Authority.**

The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

### **Section 31. Resignations.**

Any officer may resign at any time by giving notice in writing or by electronic transmission to the Board of Directors or to the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President or to the Corporate Secretary. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time is specified therein, in which event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to the rights, if any, of the corporation under any contract with the resigning officer.

### **Section 32. Removal.**

Any officer may be removed from office at any time, either with or without cause, by the affirmative vote of a majority of the directors in office at the time, or by the unanimous written consent of the directors in office at the time, or by any committee or by the Chief Executive Officer or by other superior officers upon whom such power of removal may have been conferred by the Board of Directors.

## **Article VI Execution Of Corporate Instruments And Voting Of Securities Owned By The Corporation**

### **Section 33. Execution Of Corporate Instruments.**

The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the corporation any corporate instrument or document, or to sign on behalf of the corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by law or these Bylaws, and such execution or signature shall be binding upon the corporation.

All checks and drafts drawn on banks or other depositories on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do.

Unless authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

### **Section 34. Voting Of Securities Owned By The Corporation.**

All stock and other securities of other corporations owned or held by the corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board of Directors, or, in the absence of such authorization, by the Chairperson of the Board of Directors, the Chief Executive Officer, the President, or any Vice President.

## **Article VII Shares Of Stock**

### **Section 35. Form And Execution Of Certificates.**

The shares of the corporation shall be represented by certificates, or shall be uncertificated if so provided by resolution or resolutions of the Board of Directors. Certificates for the shares of stock, if any, shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock in the corporation represented by certificate shall be entitled to have a certificate signed by or in the name of the corporation by the Chairperson of

the Board of Directors, or the President or any Vice President and by the Treasurer or Assistant Treasurer or the Corporate Secretary or Assistant Corporate Secretary, certifying the number of shares owned by him in the corporation. Any or all of the signatures on the certificate may be facsimiles. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

### **Section 36. Lost Certificates.**

A new certificate or certificates shall be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. The corporation may require, as a condition precedent to the issuance of a new certificate or certificates, the owner of such lost, stolen, or destroyed certificate or certificates, or the owner's legal representative, to agree to indemnify the corporation in such manner as it shall require or to give the corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

### **Section 37. Transfers.**

(a) Transfers of record of shares of stock of the corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, and, in the case of stock represented by certificate, upon the surrender of a properly endorsed certificate or certificates for a like number of shares.

(b) The corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

## **Section 38. Fixing Record Dates.**

(a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall, subject to applicable law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

## **Section 39. Registered Stockholders.**

The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

## **Article VIII Other Securities Of The Corporation**

### **Section 40. Execution Of Other Securities.**

All bonds, debentures and other corporate securities of the corporation, other than stock certificates (covered in Section 35), may be signed by the Chairperson of the Board of Directors, the President or any Vice President, or such other person as may be authorized by the Board of Directors, and the corporate seal impressed thereon or a facsimile of such seal imprinted thereon and attested by the signature of the Corporate Secretary or an Assistant Corporate Secretary, or the Chief Financial Officer or Treasurer or an Assistant Treasurer; provided, however, that where any such bond, debenture or other corporate security shall be authenticated by the manual signature, or where permissible facsimile signature, of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signatures of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by the Treasurer or an Assistant Treasurer of the corporation or such other person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon or on any such interest coupon, shall have ceased to be such officer before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the corporation.

## **Article IX Dividends**

### **Section 41. Declaration Of Dividends.**

Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation and applicable law, if any, may be declared by the Board of Directors pursuant to

law at any regular or special meeting. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation and applicable law.

### **Section 42. Dividend Reserve.**

Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Board of Directors shall think conducive to the interests of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

## **Article X Fiscal Year**

### **Section 43. Fiscal Year.**

The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

## **Article XI Indemnification**

### **Section 44. Indemnification of Directors,**

Executive Officers, Other Officers, Employees and Other Agents.

(a) **Directors and executive officers.** The corporation shall indemnify its directors and executive officers (for the purposes of this Article XI, “**executive officers**” shall have the meaning defined in Rule 3b-7 promulgated under the 1934 Act) to the extent not prohibited by the DGCL or any other applicable law; provided, however, that the corporation may modify the extent of such indemnification by individual contracts with its directors and executive officers; and, provided, further, that the corporation shall not be required to indemnify any director or executive officer in connection with any proceeding (or part thereof) initiated by such person unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was

authorized by the Board of Directors of the corporation, (iii) such indemnification is provided by the corporation, in its sole discretion, pursuant to the powers vested in the corporation under the DGCL or any other applicable law or (iv) such indemnification is required to be made under subsection (d).

(b) **Other Officers, Employees and Other Agents.** The corporation shall have power to indemnify its other officers, employees and other agents as set forth in the DGCL or any other applicable law. The Board of Directors shall have the power to delegate the determination of whether indemnification shall be given to any such person except executive officers to such officers or other persons as the Board of Directors shall determine.

(c) **Expenses.** The corporation shall advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or executive officer, of the corporation, or is or was serving at the request of the corporation as a director or executive officer of another corporation, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefor, all expenses incurred by any director or executive officer in connection with such proceeding provided, however, that if the DGCL requires, an advancement of expenses incurred by a director or executive officer in his or her capacity as a director or executive officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking (hereinafter an “**undertaking**”), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a “**final adjudication**”) that such indemnitee is not entitled to be indemnified for such expenses under this section or otherwise.

Notwithstanding the foregoing, unless otherwise determined pursuant to paragraph (e) of this section, no advance shall be made by the corporation to an executive officer of the corporation (except by reason of the fact that such executive officer is or was a director of the corporation in which event this paragraph shall not apply) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made (i) by a majority vote of directors who were not parties to the proceeding, even if not a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or such directors so direct, by independent legal counsel in a written opinion, that the facts known to the decision-making party

at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation.

(d) **Enforcement.** Without the necessity of entering into an express contract, all rights to indemnification and advances to directors and executive officers under this Bylaw shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the corporation and the director or executive officer. Any right to indemnification or advances granted by this section to a director or executive officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. To the extent permitted by law, the claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting the claim. In connection with any claim for indemnification, the corporation shall be entitled to raise as a defense to any such action that the claimant has not met the standards of conduct that make it permissible under the DGCL or any other applicable law for the corporation to indemnify the claimant for the amount claimed. In connection with any claim by an executive officer of the corporation (except in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such executive officer is or was a director of the corporation) for advances, the corporation shall be entitled to raise a defense as to any such action clear and convincing evidence that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation, or with respect to any criminal action or proceeding that such person acted without reasonable cause to believe that his or her conduct was lawful. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the DGCL or any other applicable law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct. In any suit brought by a director or executive officer to enforce a right to indemnification or to an advancement of expenses hereunder, the burden of proving that the director or executive officer is not entitled to be indemnified, or to such advancement of expenses, under this section or otherwise shall be on the corporation.

(e) **Non-Exclusivity of Rights.** The rights conferred on any person by this Bylaw shall not be exclusive of any other right which such person may have or hereafter acquire under any applicable statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the DGCL, or by any other applicable law.

(f) **Survival of Rights.** The rights conferred on any person by this Bylaw shall continue as to a person who has ceased to be a director or executive officer or officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) **Insurance.** To the fullest extent permitted by the DGCL or any other applicable law, the corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this section.

(h) **Amendments.** Any repeal or modification of this section shall only be prospective and shall not affect the rights under this Bylaw in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the corporation.

(i) **Saving Clause.** If this Bylaw or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director and executive officer to the full extent not prohibited by any applicable portion of this section that shall not have been invalidated, or by any other applicable law. If this section shall be invalid due to the application of the indemnification provisions of another jurisdiction, then the corporation shall indemnify each director and executive officer to the full extent under any other applicable law.

(j) **Certain Definitions.** For the purposes of this Bylaw, the following definitions shall apply:

(i) The term “**proceeding**” shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

(ii) The term “**expenses**” shall be broadly construed and shall include, without limitation, court costs, attorneys’ fees, witness fees, fines, amounts paid in settlement or judgment and any other costs and expenses of any nature or kind incurred in connection with any proceeding.

(iii) The term the “**corporation**” shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this section with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(iv) References to a “**director**,” “**executive officer**,” “**officer**,” “**employee**,” or “**agent**” of the corporation shall include, without limitation, situations where such person is serving at the request of the corporation as, respectively, a director, executive officer, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(v) References to “**other enterprises**” shall include employee benefit plans; references to “**finer**” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “**serving at the request of the corporation**” shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “**not opposed to the best interests of the corporation**” as referred to in this section.

## ARTICLE XII NOTICES

### Section 45. Notices.

(a) **Notice To Stockholders.** Written notice to stockholders of stockholder meetings shall be given as provided in Section 7 herein. Without limiting the manner by which notice may otherwise be given effectively to stockholders under any agreement or contract with such stockholder, and except as otherwise required by law, written notice to stockholders for purposes other than stockholder meetings may be sent by US mail or nationally recognized overnight courier, or by facsimile, telegraph or telex or by electronic mail or other electronic means.

(b) **Notice To Directors.** Any notice required to be given to any director may be given by the method stated in subsection (a), as otherwise provided in these Bylaws with notice other than one which is delivered personally to be sent to such address as such director shall have filed in writing with the Corporate Secretary, or, in the absence of such filing, to the last known address of such director.

(c) **Affidavit Of Mailing.** An affidavit of mailing, executed by a duly authorized and competent employee of the corporation or its transfer agent appointed with respect to the class of stock affected, or other agent, specifying the name and address or the names and addresses of the stockholder or stockholders, or director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall in the absence of fraud, be prima facie evidence of the facts therein contained.

(d) **Methods of Notice.** It shall not be necessary that the same method of giving notice be employed in respect of all recipients of notice, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others.

(e) **Notice To Person With Whom Communication Is Unlawful.** Whenever notice is required to be given, under any provision of law or of the Certificate of Incorporation or Bylaws of the corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

(f) **Notice to Stockholders Sharing an Address.** Except as otherwise prohibited under DGCL, any notice given under the provisions of DGCL, the Certificate of Incorporation or the Bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Such consent shall have been deemed to have been given if such stockholder fails to object in writing to the corporation within sixty (60) days of having been given notice by the corporation of its intention to send the single notice. Any consent shall be revocable by the stockholder by written notice to the corporation.

# Article XIII Amendments

## Section 46. Amendments.

Subject to the limitations set forth in Section 44(h) of these Bylaws or the provisions of the Certificate of Incorporation, the Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the corporation. Any adoption, amendment or repeal of the Bylaws of the corporation by the Board of Directors shall require the approval of a majority of the authorized number of directors. The stockholders also shall have power to adopt, amend or repeal the Bylaws of the corporation; provided, however, that, in addition to any vote of the holders of any class or series of stock of the corporation required by law or by the Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the capital stock of the corporation entitled to vote generally in the election of directors, voting together as a single class.

\* \* \* \* \*

Effective January 14, 2025

**PROGRESS SOFTWARE CORPORATION  
COMPENSATION PROGRAM  
FOR NON-EMPLOYEE DIRECTORS**

A. Amounts of Annual Compensation

- Annual Board Retainer (cash): \$50,000
- Additional Annual Non-Executive Chairman Retainer (cash): \$75,000
- Committee fees (cash):
  - Audit Committee: \$25,000 for Chair  
\$20,000 for Members
  - Nominating and Corporate Governance Committee: \$12,500 for Chair  
\$10,000 for Members
  - Compensation Committee: \$25,000 for Chair  
\$15,000 for Members
  - M&A Committee: \$25,000 for Chair  
\$15,000 for Members

Annual Equity Component:

- \$225,000 to be delivered in one installment (as set forth below under “Timing”), consisting of either one-year Deferred Stock Units (“DSUs”) or one-year Restricted Stock Units (“RSUs”) at the option of each director.
- The number of DSUs or RSUs to be issued will be determined by dividing \$225,000 by the fair market value of Company common stock on the date of issuance. DSUs and RSUs will vest in a single installment on the date of the next year’s Annual Meeting, subject to continued service on the Board through such date, with full acceleration upon a change in control or upon death or disability.
- DSUs and RSUs will accrue dividends on the same basis as Company common stock.
- DSUs, together with dividends credited on those DSUs, will be settled upon a Director’s separation from service from the Board of Directors or change in control, if earlier, and not upon vesting. At such time, DSUs will be paid out in the form of Company common stock. RSUs, together with dividends credited on those RSUs, will be settled upon vesting. RSUs will be paid out in the form of common stock upon vesting.

Timing:

- Annual fiscal year cash compensation will be paid in one installment at the Compensation Committee meeting in June, or such other date as determined by the Compensation Committee. Annual DSUs and RSUs will be granted at the Compensation Committee in June, or such other date as determined by the Compensation Committee.
- Cash amounts paid will be pro-rated for partial year service, with a fractional month of service rounded to a whole month. A Director who joins the Board other than on the first day of the fiscal year will be paid a pro-rated amount of the annual fiscal year cash compensation. The same proration rule will also apply to any partial year service on any committee.

B. Stock Retention Guidelines

All non-employee Directors must hold a number of shares of the Corporation's common stock having a fair market value equal to at least five times the Annual Cash Retainer, which for purposes of this requirement shall include vested DSUs and unvested RSUs. Directors have five years to attain this guideline from the date of election to the Board.

C. Miscellaneous

Employee Directors shall not be entitled to participate in the Director Compensation Plan.

**PROGRESS SOFTWARE CORPORATION**  
**INSIDER TRADING POLICY**

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## Section 1. Individuals and Entities Subject to this Policy

This Insider Trading Policy (the “**Policy**”) applies to all of the following individuals and entities:

- employees of Progress Software Corporation and/or its subsidiaries (the “**Company**”),
- Company directors,
- contractors and consultants of the Company,
- their family members, and
- other entities over which such individuals have or share voting or investment control.

This Policy also applies to any other person who receives material nonpublic information (“**MNPI**”) from any person subject to this Policy or is otherwise designated by the Compliance Officer. Some examples of MNPI include internal estimates of earnings which differ significantly from analysts estimates, merger or acquisition negotiations, securities offerings, significant developments relating to a major contract, significant new products, changes in key management personnel or positions, upcoming announcements of earnings or losses, the sale of significant assets or a significant subsidiary, and the gain or loss of a substantial customer or supplier. If an employee is unsure whether information they have received is MNPI, they should contact the legal department for assistance. Please see *Section 14* below for a more detailed definition of MNPI.

This Policy continues to apply following termination of employment or other relationship with the Company until 9 a.m. ET on the morning of the third trading day after any MNPI in your possession has become public or is no longer material. Each employee, officer, consultant and director is personally responsible for the actions of their family members and other persons with whom they have a relationship who are subject to this Policy, including any pre-clearances required.

For purposes of this Policy, “family members” include people who live with you, or are financially dependent on you, and also include those whose transactions in securities are directed by you or are subject to your influence or control.

## Section 2. Trading in Company Securities While in Possession of MNPI is Prohibited

The purchase or sale of securities by any person who possesses MNPI is a violation of U.S. federal and state securities laws. It is important to avoid the *appearance*, as well as the fact, of trading based on MNPI.

No person subject to this Policy who is aware of MNPI relating to the Company may, directly or indirectly (through family members, other persons, entities or otherwise):

- buy, sell, or otherwise trade in the securities of the Company,
- advise anyone else to buy, sell, or otherwise trade in the securities of the Company; or
- otherwise engage in any action to take personal advantage of that information.

For purposes of this Policy, the term “**trade**” includes any transaction in Company securities, including purchases, sales, gifts and pledges.

You may be required to forego a proposed transaction even if you planned to make the transaction before learning the MNPI (even though you may suffer economic loss or forego anticipated profit by waiting).

### **Section 3. Trades May Not Occur During Blackout Periods**

Employees at or above the Vice President level (“*Officers*”), Company directors (“*Directors*”) (Directors and Officers collectively referred to as “*Company Insiders*”) and the employees listed on Exhibit A (collectively with Company Insiders referred to as “*Covered Persons*”) of the Company are prohibited from trading in the Company’s securities during quarterly blackout periods, as defined below, and event specific blackout periods may apply to any employee from time to time.

A. **Quarterly Blackout Periods:** Trading in the Company’s securities is prohibited during the period beginning on the twentieth (20<sup>th</sup>) day of the last month of each of the Company’s fiscal quarters and ending at 9 a.m. ET on the morning of the third trading day following the day on which the Company files its financial results in a Form 10-Q or Form 10-K (as applicable) covering the relevant fiscal quarter.

B. **Event Specific Blackout Periods:** From time to time, other types of MNPI regarding the Company (such as negotiation of mergers, acquisitions, or dispositions, investigation and assessment of cybersecurity incidents or new product developments) may be pending and not be publicly disclosed. While such MNPI is pending, the Company may designate certain other employees (in addition to Company Insiders and the employees listed on Exhibit A) as Covered Persons and may impose special event specific blackout periods during which Covered Persons are prohibited from trading in the Company’s securities. If the Company imposes a special blackout period, it will notify the Covered Persons affected and such Covered Persons may not trade in the Company’s securities so long as the event remains material and nonpublic. Covered Persons will be notified when the event specific blackout period has been lifted.

### **Section 4. Covered Persons**

The legal department of the Company will review, at least annually, those categories of individuals identified in Exhibit A as Covered Persons. Generally, Covered Persons shall include any person who by function of their employment is *consistently* in possession of MNPI *or* performs an operational role, such as head of a division or business unit, that is material to the Company as a whole.

### **Section 5. Trading in Other Public Companies’ Securities While in Possession of MNPI is Prohibited**

No person subject to this Policy who possesses MNPI relating to other companies, including our vendors, customers and partners, as a result of employment with the Company or the performance of services on our behalf, may, directly or indirectly (through family members, other persons, entities or otherwise) buy or sell securities of (or obtain or dispose of any other interest in) such companies, or advise anyone else to do so, or otherwise engage in any action to take personal advantage of that information.

### **Section 6. Certain Types of Transactions Are Prohibited**

A. All persons who are subject to this Policy are prohibited from engaging in the following transactions in the Company’s securities unless advance approval is obtained from the Compliance Officer:

1. **Short Sales.** Short sales of Company securities are prohibited, as short sales evidence the seller’s expectation that Company securities will decline in value, signal to the market that the seller has no confidence in the Company or its short-term prospects, and may reduce the seller’s incentive to improve Company performance. In addition, Section

16(c) of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), prohibits directors and officers from engaging in short sales.

2. **Publicly Traded Options.** Transactions in puts, calls or other derivative securities involving Company stock are prohibited, as any such transaction is, in effect, a bet on the short-term movement of the Company’s stock, creates the appearance of trading based on inside information, and may focus attention on short-term performance at the expense of Company long-term objectives.

3. **Hedging Transactions.** Hedging or monetization transactions (including but not limited to zero-cost collars, prepaid variable forwards, equity swaps, puts, calls, collars, forwards and other derivative instruments) are prohibited, as such transactions allow you to continue to own Company securities without the full risks and rewards of ownership and as a result, you may not have the same objectives as other stockholders.

4. **Margin Accounts and Pledges.** All persons covered by this Policy are prohibited from holding Company securities in a margin account or pledging Company securities as collateral for a loan, as such securities may be traded without your consent (for failing to meet a margin call or if you default on the loan) at a time when you possess MNPI or otherwise are not permitted to trade. However, in the case of a pledge to collateralize a loan unrelated to securities trading, such as a home loan, the Compliance Officer may pre-clear the proposed pledge in limited circumstances upon concluding the transaction does not misuse MNPI.

B. In addition, Company Insiders are also subject to the following restrictions:

1. **Short-Term Trading.** Company Insiders who purchase Company securities in the open market may not sell any Company securities of the same class during the six months following the purchase (or vice versa), as short-term trading of the Company’s securities may be distracting and may unduly focus the person on short-term stock market performance, instead of the Company’s long-term business objectives, and may result in the disgorgement of any short swing profits.

2. **Certain Retirement Plan Trading.** Company Insiders are prohibited from trading in the Company’s equity securities during a blackout period imposed under an “individual account” retirement or pension plan of the Company during which at least 50% of the plan participants are unable to purchase, sell, or otherwise acquire or transfer an interest in equity securities of the Company, due to a temporary suspension of trading by the Company or the plan fiduciary.

## **Section 7. Sharing MNPI is Prohibited**

No person subject to this Policy who possesses MNPI relating to the Company or any other companies may directly or indirectly (through family members, other persons, entities or otherwise) pass that information on to others outside the Company, including friends, family, or other acquaintances (referred to as “*tipping*”) until such information has been disseminated to the public. You must treat MNPI about our business partners with the same care required with respect to such information related directly to the Company.

Tipping includes passing information under circumstances that could suggest that you were trying to help another profit or avoid a loss. Exercise care when speaking with others who do not “*need to know*”, even if they are subject to this Policy, as well as when communicating with family, friends and others not

associated with the Company. To avoid the appearance of impropriety, refrain from discussing our business or prospects or making recommendations about buying or selling our securities or the securities of other companies with which we have a relationship. Inquiries about the Company should be directed to our Compliance Officer.

### **Section 8. Recommendations Regarding Trading in Company Securities are Prohibited**

No person subject to this Policy may make recommendations or express opinions on trading in Company securities while in possession of MNPI, except to advise others not to trade in Company securities if doing so might violate the law or this Policy.

### **Section 9. Only Designated Company Spokespersons are Authorized to Disclose MNPI (Reg FD)**

U.S. federal securities laws, including Regulation Fair Disclosure, prohibit the Company from selectively disclosing MNPI. The Company has established procedures for designated spokespersons to release MNPI in a manner that is designed to achieve broad dissemination of the information immediately upon its release. Employees must follow the Company's established disclosure procedures, which among other things prohibit employees from in any manner disclosing MNPI to anyone outside the Company, including family members and friends, and including social media or electronic communications. Any inquiries about the Company should be directed to our Corporate Communications and Investor Relations teams.

### **Section 10. Other Transactions in Company Securities**

A. **General Rule.** This Policy applies to all transactions in Company securities, including any securities the Company may issue from time to time, such as preferred stock, warrants and convertible debentures, as well as to derivative securities relating to the Company's stock, whether or not issued by Company, such as exchange-traded options.

B. **Exceptions.**

1. ***Employee Benefit Plans.***

a. ***Equity Incentive Plans.*** The trading restrictions set forth in this Policy do not apply to the exercise of stock options or other equity awards, but do apply to all sales of securities to pay the exercise price or associated tax withholding, including a "***same-day sale***" of shares received on exercise of options to pay the exercise price (sometimes called a "cashless exercise") or applicable tax withholding. These restrictions also apply to the same-day sale of shares received on the settlement of restricted stock units or similar awards to cover applicable tax withholding.

b. ***Employee Stock Purchase Plans.*** The trading restrictions set forth in this Policy do not apply to purchases of Company securities pursuant to the employee's advance instructions under employee stock purchase plans or employee benefit plans (e.g., a pension or 401(k) plan). However, no alteration to instructions regarding the level of withholding or the purchase of Company securities in such plans is permitted while in the possession of MNPI. Any sale of securities acquired under such plans remains subject to the prohibitions and restrictions of this Policy.

c. Rule 10b5-1 Trading Plans (“10b5-1 Plans”). The trading restrictions set forth in this Policy do not apply to sales of Company securities pursuant to a compliant 10b5-1 Plan.

## **Section 11. Company Insiders Are Subject to Additional Restrictions**

A. **Section 16 Insiders.** Company Insiders are subject to the reporting provisions and trading restrictions of Section 16 of the Exchange Act and the underlying rules and regulations promulgated by the SEC.

B. **Additional Restrictions.** Because Company Insiders regularly possess MNPI about the Company, and in light of the reporting requirements to which Company Insiders are subject under Section 16 of the Exchange Act, Company Insiders are subject to the additional restrictions set forth in Appendix I hereto.

## **Section 12. Policy Violations Must Be Reported**

Any person who violates this Policy or any federal or state laws governing insider trading, or knows of any such violation by any other person, must report the violation immediately to the Compliance Officer. Upon learning of any such violation, the Compliance Officer will determine whether the Company should release any MNPI or whether the Company should report the violation to the SEC or other appropriate governmental authority.

## **Section 13. Insider Trading Compliance Officers**

The Company’s Chief Legal Officer shall act as the Company’s Insider Trading Compliance Officer (the “**Compliance Officer**”); provided, however, that if the Chief Legal Officer is a party to a proposed trade, transaction or inquiry relating to this Policy, the Company’s Chief Financial Officer shall act as the Compliance Officer with respect to such proposed trade, transaction or inquiry. The Compliance Officer may delegate his or her authority to act as the Compliance Officer as he or she deems necessary or appropriate in his or her sole discretion. The duties and powers of the Compliance Officer and his or her delegees may include the following:

- Administering, monitoring and enforcing compliance with this Policy.
- Pre-clearing trading in securities and Rule 10b5-1 trading plans (“**10b5-1 Plans**”) of Company Insiders as set forth in Appendix I.
- Responding to all inquiries relating to this Policy.
- Designating and announcing special (e.g., event specific) trading blackout periods during which specified persons may not trade in Company securities.
- Providing copies of this Policy and other appropriate materials to all current and new directors, officers and employees, and such other persons as the Compliance Officer determines have access to MNPI concerning the Company.
- Administering, monitoring and enforcing compliance with federal and state insider trading laws and regulations.
- Assisting in the preparation and filing of all required SEC reports filed Company Insiders relating to their trading in Company securities, including Forms 3, 4, 5 and 144 and Schedules 13D and 13G.

- Maintaining as Company records originals or copies of all documents required by the provisions of this Policy, and copies of all required SEC reports relating to insider trading, including Forms 3, 4, 5 and 144 and Schedules 13D and 13G.
- Revising this Policy as necessary to reflect changes in applicable insider trading laws and regulations.
- Working with the People Team (or similar function) to maintaining the accuracy of the list of roles/titles as set forth on Exhibit A, and updating such list periodically as necessary to reflect additions or deletions.
- Designing and requiring training about the obligations of this Policy as the Compliance Officer considers appropriate.

The Compliance Officer may designate one or more individuals who may perform the Compliance Officer's duties under this Policy in the event that a Compliance Officer is unable or unavailable to perform such duties.

If you have any questions regarding provisions of this Policy, please contact the Compliance Officer using:  
*CorporateLegal@progress.com*

#### **Section 14. Definition of “Material Nonpublic Information” (MNPI)**

A. **“Material”**. Information about the Company is **“material”** if it would be expected to affect the investment or voting decisions of a reasonable investor, or if the disclosure of the information would be expected to significantly alter the total mix of the information in the marketplace about the Company. Any type of information that could reasonably be expected to affect the market price of Company securities or an investor's decision to buy or sell Company securities is material. Both positive and negative information may be material. While it is not possible to identify all information that would be deemed material, the following information ordinarily would be considered material:

- Financial performance, including operating results and changes in performance or liquidity.
- Projections of future earnings or losses, or other earnings guidance, and any changes to previously announced earnings guidance.
- Company projections and strategic plans.
- New major contracts, suppliers, or finance sources or the loss thereof.
- Development or release of a significant new product or service.
- Significant pricing or cost changes.
- Potential mergers or acquisitions, the sale of Company assets or subsidiaries or major partnering agreements.
- Changes in senior management or the Board of Directors.
- Stock splits, public or private securities/debt offerings, or changes in Company dividend policies or amounts.
- A significant cybersecurity incident, such as a data breach or a significant disruption or unauthorized access to information technology infrastructure.

- Actual or threatened major litigation, or the resolution of such litigation.

B. **“Nonpublic”**. Material information is **“nonpublic”** if it has not been widely disseminated to the general public through a report filed with the SEC or through major newswire services, national news services or financial news services. For purposes of this Policy, information will be considered public after the close of trading on the second full trading day following the Company’s widespread public release of the information.

C. **Consult Compliance Officer When in Doubt**. Any employees who are unsure whether the information that they possess is material or nonpublic must consult the Compliance Officer for guidance before trading in any Company securities.

#### **Section 15. Violations of Insider Trading Laws or This Policy Can Result in Severe Consequences**

A. **Civil and Criminal Penalties**. The consequences of prohibited insider trading or tipping can be severe. Persons violating insider trading or tipping rules may be required to disgorge profit made or loss avoided, pay civil penalties up to three times the profit made or loss avoided, face private action for damages, as well as be subject to criminal penalties, including up to 20 years in prison and fines of up to \$5 million. The Company and/or the supervisors of the person violating the rules may also be required to pay major civil or criminal penalties.

B. **Company Discipline**. Violation of this Policy or federal or state insider trading laws by any director, officer or employee may subject the director to removal proceedings and the officer or employee to disciplinary action by the Company, including termination for cause.

#### **Section 16. This Policy Is Subject to Revision**

The Company may change the terms of this Policy from time to time to respond to developments in law and practice, and will take steps to inform all affected persons of any material changes.

#### **Section 17. All Persons Must Acknowledge Their Agreement to Comply with This Policy**

This Policy will be available on the Company’s internal website and delivered to all persons subject to this Policy upon adoption or the commencement of their employment or other service relationship with the Company. Upon first receiving a copy of this Policy, each such person must sign an acknowledgment that he or she has received a copy of and agrees to comply with this Policy. The Compliance Officer may periodically require written certifications by those subject to this Policy, including as to their compliance with this Policy or to refresh their acknowledgment of and agreement to comply with this Policy. Any acknowledgment and agreement hereunder will constitute consent for the Company to impose sanctions for violation of this Policy and to issue any necessary stop-transfer orders to the Company’s transfer agent to enforce compliance with this Policy.

## Subsidiaries of Progress Software Corporation

Jurisdiction	Name
North America	
California	Savvion, Inc.
Canada	Progress Software Corporation of Canada Ltd.
Delaware	Progress Software International LLC
Delaware	Progress Software Global Corporation
Delaware	Progress Software Denmark A/S
Delaware	Progress Software Germany GmbH
Delaware	Progress Federal Solutions, Inc.
Delaware	ShareFile, LLC
EMEA	
Austria	Progress Software GesmbH
Belgium	Progress Software NV
Bulgaria	Progress Software EAD
Bulgaria	Trident Acquisition EAD
Czech Republic	Flowmon Networks, A.S.
Denmark	Progress Software A/S
Finland	Progress Software Oy
France	Progress Software S.A.S.
Germany	Progress Software GmbH
Ireland	Progress Software Technologies Limited
Italy	Progress Software Italy S.r.l.
Netherlands	Progress Software B.V.
Netherlands	Progress Software Europe B.V.
Norway	Progress Software A/S
Poland	Progress Software Sp. z.o o.
Spain	Progress Software S.L.U.
Spain	Smartlogic Semaphore SL
Sweden	Progress Software Svenska AB
Switzerland	Progress Software AG
United Kingdom	Trident Acquisition Limited
United Kingdom	Progress Software Limited
United Kingdom	MarkLogic (UK) Limited
United Kingdom	Smartlogic Holdings Limited
United Kingdom	Smartlogic Semaphore Limited
Latin America	
Brazil	Progress Software do Brasil Ltda.
Costa Rica	Progress Software de Costa Rica SRL
Asia Pacific	
Australia	Progress Software Pty. Ltd.
Australia	MarkLogic Australia Pty. Ltd.
China	Progress (Shanghai) Software System Company Limited
Hong Kong	Progress Software Corporation Limited
India	Progress Software Development Private Limited

India	Progress Software Solutions India Private Ltd.
India	Kemp Technologies India Private Limited
Japan	Progress Software Japan KK
Philippines	MarkLogic Philippines Corp
Singapore	Progress Software Corporation (S) Pte. Ltd.

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-80559, 333-41401, 333-41393, 333-41403, 333-80571, 333-98035, 333-101239, 333-122962, 333-150555, 333-236096, 333-257519, 333-146233, 333-275707 and 333-280735 on Form S-8 and No. 333-133724 on Form S-3 of our reports dated January 21, 2025, relating to the financial statements of Progress Software Corporation, and the effectiveness of Progress Software Corporation's internal control over financial reporting, appearing in this Annual Report on Form 10-K of Progress Software Corporation for the year ended November 30, 2024.

/s/ Deloitte & Touche LLP

Boston, Massachusetts

January 21, 2025

## CERTIFICATION

I, Yogesh K. Gupta, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: January 21, 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 Annual Report on Form 10-K 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: January 21, 2025

/s/ ANTHONY FOLGER

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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 Annual Report on Form 10-K of Progress Software Corporation (the "Company") for the year ended November 30, 2024, 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, 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: January 21, 2025

/s/ ANTHONY FOLGER  
Chief Financial Officer

Date: January 21, 2025