UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2026

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: 001-39413

VERTEX, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**23-2081753**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2301 Renaissance Blvd **King of Prussia, Pennsylvania**	**19406**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (800) 355-3500

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

Title of each class	Trading symbol	Name of each exchange on which registered
Class A Common Stock, Par Value $0.001 Per Share	**VERX**	**The Nasdaq Stock Market LLC**

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

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

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

Large accelerated filer	☒	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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 2, 2026, the registrant had 80,112,136 shares of Class A common stock, $0.001 par value per share, and 82,155,641 shares of Class B common stock, $0.001 par value per share, outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements made in this Quarterly Report on Form 10-Q that are not statements of historical fact, including statements about our beliefs and expectations and regarding future events or our future results of operations, financial condition, business, strategies, financial needs, the plans and objectives of management, and our stock repurchase program are forward-looking statements and should be evaluated as such. These statements often include words such as "anticipate," "believe," "expect," "suggests," "plans," "intend," "estimates," "targets," "projects," "should," "could," "would," "may," "will," "forecast," and other similar expressions or the negatives of those terms. We base these forward-looking statements on our current expectations, plans, and assumptions that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances at such time. As you read and consider this Quarterly Report on Form 10-Q, you should understand that these statements are not guarantees of future performance or results. The forward-looking statements are subject to and involve risks, uncertainties and assumptions, and you should not place undue reliance on these forward-looking statements. Although we believe that these forward-looking statements are based on reasonable assumptions at the time they are made, you should be aware that many factors could affect our actual results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements. Important factors that may materially affect such forward-looking statements include, but are not limited to:

- our ability to maintain and grow revenue from existing customers and new customers, and expand their usage of our solutions;
- our ability to maintain and expand our strategic relationships with third parties;
- our ability to adapt to technological change and successfully introduce new solutions or provide updates to existing solutions;
- risks related to failures in information technology or infrastructure;
- risks related to our reliance on government infrastructure to support our e-invoicing services;
- challenges in using and managing use of Artificial Intelligence ("AI") in our business;
- incorrect or improper implementation, integration or use of our solutions;
- failure to attract and retain qualified technical and tax-content personnel;
- competitive pressures from other tax software and service providers and challenges of convincing businesses using native enterprise resource planning functions to switch to our software;
- our ability to accurately forecast our revenue and other future results of operations based on recent success;
- our ability to offer specific software deployment methods based on changes to customers' and partners' software systems;
- our ability to continue making significant investments in software development and equipment;
- our ability to sustain and expand revenues, maintain profitability, and to effectively manage our anticipated growth;
- our ability to successfully diversify our solutions by developing or introducing new solutions or acquiring and integrating additional businesses, products, services, or content;
- our ability to successfully integrate acquired businesses and to realize the anticipated benefits of such acquisitions;
- risks related to the fluctuations in our results of operations;
- risks related to our expanding international operations;
- our exposure to liability from errors, delays, fraud or system failures, which may not be covered by insurance;

- our ability to adapt to organizational changes and effectively implement strategic initiatives;
- risks related to our determinations of customers' transaction tax and tax payments;
- risks related to changes in tax laws and regulations or their interpretation or enforcement;
- our ability to manage cybersecurity and data privacy risks;
- our involvement in material legal proceedings and audits;
- risks related to undetected errors, bugs or defects in our software;
- risks related to utilization of open-source software, business processes and information systems;
- our ability to effectively protect, maintain, and enhance our brand;
- changes in application, scope, interpretation or enforcement of laws and regulations;
- global economic weakness and uncertainties, including the economic uncertainty created by the changing legal, regulatory, or taxation landscape in the United States, and disruption in the capital and credit markets;
- business disruptions related to natural disasters, epidemic outbreaks, including a global endemic or pandemic, terrorist acts, political events, or other events outside of our control;
- our ability to comply with anti-corruption, anti-bribery, and similar laws;
- our ability to protect our intellectual property;
- changes in interest rates, security ratings and market perceptions of the industry in which we operate, or our ability to obtain capital on commercially reasonable terms or at all;
- our ability to maintain an effective system of disclosure controls and internal control over financial reporting, or ability to remediate any material weakness in our internal controls;
- risks related to our Class A common stock and controlled company status;
- risks related to our Repurchase Program (as defined in the notes to the financial statements);
- risks related to our indebtedness and adherence to the covenants under our debt instruments;
- the effects of the Capped Call Transactions (as defined in the notes to the financial statements) and the actions of the Option Counterparties (as defined in the notes to the financial statements) and/or their respective affiliates;
- risks related to our Value Creation Plan;
- any statements of belief and any statements of assumptions underlying any of the foregoing; and
- other factors beyond our control.

The risks included here are not exhaustive, and additional factors could adversely affect our business and financial performance, including factors and risks included in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the Securities and Exchange Commission (the "SEC") on February 24, 2026 (the "2025 Annual Report"). Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time, and it is not possible for us to identify all such risk factors, nor can we assess the impact of all such risk factors on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on our forward-looking statements, and you should not rely on forward-looking statements as predictions of future events. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements. The forward-looking statements made in this Quarterly Report on Form 10-Q speak only as of the date of this report. We undertake no obligation to update any forward-looking statements made in this report to reflect events or circumstances after the date of this report or to reflect new information or the occurrence of unanticipated events, except as required by law. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Vertex, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
As of September 30, 2026 and December 31, 2025
(Amounts in thousands, except per share data)

	September 30, 2026 (unaudited)	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 217,797	$ 314,009
Funds held for customers	33,433	24,286
Accounts receivable, net of allowance of $7,157 and $11,466, respectively	155,041	183,446
Prepaid expenses and other current assets	36,452	38,966
Total current assets	442,723	560,707
Property and equipment, net of accumulated depreciation	217,727	209,727
Capitalized software, net of accumulated amortization	34,157	35,480
Goodwill and other intangible assets	400,594	396,006
Deferred commissions	31,158	31,907
Deferred income tax asset	2,264	85
Operating lease right-of-use assets	7,830	9,678
Long-term investment	15,000	15,000
Other assets	16,577	12,245
Total assets	$ 1,168,030	$ 1,270,835
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 28,766	$ 37,557
Accrued expenses	54,554	43,642
Customer funds obligations	31,045	21,802
Accrued salaries and benefits	26,940	23,992
Accrued variable compensation	39,025	34,593
Deferred revenue, current	374,539	382,839
Current portion of operating lease liabilities	4,955	4,283
Current portion of finance lease liabilities	34	55
Purchase commitment and contingent consideration liabilities, current	33,600	25,900
Total current liabilities	593,458	574,663
Deferred revenue, net of current portion	4,642	5,209
Debt, net of current portion	339,170	337,477
Operating lease liabilities, net of current portion	5,749	8,903
Finance lease liabilities, net of current portion	30	54
Purchase commitment and contingent consideration liabilities, net of current portion	43,200	79,600
Deferred income tax liabilities	1,212	5,664
Deferred other liabilities	407	345
Total liabilities	987,868	1,011,915
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred shares, $0.001 par value, 30,000 shares authorized; no shares issued and outstanding	—	—
Class A voting common stock, $0.001 par value, 300,000 shares authorized; 79,467 and 77,580 shares issued and outstanding, respectively	79	77
Class B voting common stock, $0.001 par value, 150,000 shares authorized; 82,156 and 82,156 shares issued and outstanding, respectively	82	82
Treasury stock, at cost, 5,924 and 504 shares, respectively	(83,757)	(10,094)
Additional paid in capital	362,532	316,327
Accumulated deficit	(86,204)	(46,104)
Accumulated other comprehensive loss	(12,570)	(1,368)
Total stockholders' equity	180,162	258,920
Total liabilities and stockholders' equity	$ 1,168,030	$ 1,270,835

The accompanying notes are an integral part of these condensed consolidated financial statements.

Vertex, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (Loss)
For the three and nine months ended September 30, 2026 and 2025 (unaudited)
(Amounts in thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
	(unaudited)		(unaudited)	
Revenues:				
Software subscriptions	$ 181,677	$ 164,824	$ 523,576	$ 473,429
Services	31,598	27,288	90,315	80,304
Total revenues	213,275	192,112	613,891	553,733
Cost of revenues:				
Software subscriptions	52,418	50,034	155,764	138,738
Services	20,648	20,762	61,749	59,485
Total cost of revenues	73,066	70,796	217,513	198,223
Gross profit	140,209	121,316	396,378	355,510
Operating expenses:				
Research and development	24,680	19,929	74,035	61,397
Selling and marketing	49,651	47,385	154,185	143,994
General and administrative	51,668	44,609	157,149	133,029
Depreciation and amortization	7,479	6,372	20,641	18,439
Change in fair value of acquisition contingent earn-outs	2,800	(4,000)	(3,038)	(16,400)
Other operating expense, net	3,617	2,701	8,141	10,109
Total operating expenses	139,895	116,996	411,113	350,568
Income (loss) from operations	314	4,320	(14,735)	4,942
Other (income) expense:				
Interest income, net	(342)	(1,245)	(1,643)	(4,012)
Income (loss) before income taxes	656	5,565	(13,092)	8,954
Income tax expense (benefit)	47,289	1,520	27,008	(5,260)
Net income (loss)	(46,633)	4,045	(40,100)	14,214
Other comprehensive (income) loss:				
Foreign currency translation adjustments, net of tax	2,015	(286)	11,202	(45,125)
Unrealized loss on investments, net of tax	—	—	—	9
Total other comprehensive (income) loss, net of tax	2,015	(286)	11,202	(45,116)
Total comprehensive income (loss)	$ (48,648)	$ 4,331	$ (51,302)	$ 59,330
Net income (loss) per share of Class A and Class B, basic	$ (0.29)	$ 0.03	$ (0.25)	$ 0.09
Net income (loss) per share of Class A and Class B, diluted	$ (0.29)	$ 0.02	$ (0.25)	$ 0.09

The accompanying notes are an integral part of these condensed consolidated financial statements.

Vertex, Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in Stockholders' Equity
For the three and nine months ended September 30, 2026 and 2025 (unaudited)
(Amounts in thousands)

	Common Stock				Treasury Stock					
	Outstanding Class A Shares	Class A Common Stock	Outstanding Class B Shares	Class B Common Stock	Treasury Shares	Treasury Stock	Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance, January 1, 2026	77,580	$ 77	82,156	$ 82	504	$ (10,094)	$ 316,327	$ (46,104)	$ (1,368)	$ 258,920
Exercise of stock options, net	37	—	—	—	—	—	97	—	—	97
Shares issued upon vesting of Restricted Stock Units, net	941	1	—	—	—	—	(7,144)	—	—	(7,143)
Stock-based compensation expense	—	—	—	—	—	—	17,578	—	—	17,578
Shares issued for acquisition contingent stock earn-out	324	1	—	—	—	—	6,061	—	—	6,062
Repurchase of shares	—	—	—	—	1,371	(20,041)	(10)	—	—	(20,051)
Tax impact on capped call transactions	—	—	—	—	—	—	1	—	—	1
Foreign currency translation adjustments and revaluations, net of tax	—	—	—	—	—	—	—	—	(6,450)	(6,450)
Net loss	—	—	—	—	—	—	—	(2,510)	—	(2,510)
Balance, March 31, 2026	78,882	$ 79	82,156	$ 82	1,875	$ (30,135)	$ 332,910	$ (48,614)	$ (7,818)	$ 246,504
Exercise of stock options, net	269	—	—	—	—	—	88	—	—	88
Shares issued upon vesting of Restricted Stock Units, net	84	—	—	—	—	—	(537)	—	—	(537)
Shares issued upon vesting of Restricted Stock Awards, net	37	—	—	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	—	—	13,685	—	—	13,685
Shares issued under ESPP	142	—	—	—	—	—	1,807	—	—	1,807
Repurchase of shares	—	—	—	—	2,013	(26,561)	(186)	—	—	(26,747)
Tax impact on capped call transactions	—	—	—	—	—	—	1	—	—	1
Foreign currency translation adjustments and revaluations, net of tax	—	—	—	—	—	—	—	—	(2,737)	(2,737)
Net income	—	—	—	—	—	—	—	9,043	—	9,043
Balance, June 30, 2026	79,414	$ 79	82,156	$ 82	3,888	$ (56,696)	$ 347,768	$ (39,571)	$ (10,555)	$ 241,107
Exercise of stock options, net	2	—	—	—	—	—	—	—	—	—
Shares issued upon vesting of Restricted Stock Units, net	51	—	—	—	—	—	(328)	—	—	(328)
Stock-based compensation expense	—	—	—	—	—	—	15,355	—	—	15,355
Repurchase of shares	—	—	—	—	2,036	(27,061)	(263)	—	—	(27,324)
Foreign currency translation adjustments and revaluations, net of tax	—	—	—	—	—	—	—	—	(2,015)	(2,015)
Net loss	—	—	—	—	—	—	—	(46,633)	—	(46,633)
Balance, September 30, 2026	79,467	$ 79	82,156	$ 82	5,924	$ (83,757)	$ 362,532	$ (86,204)	$ (12,570)	$ 180,162

Vertex, Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in Stockholders' Equity
For the three and nine months ended September 30, 2026 and 2025 (unaudited) (continued)
(Amounts in thousands)

	Common Stock				Treasury Stock					
	Outstanding Class A Shares	Class A Common Stock	Outstanding Class B Shares	Class B Common Stock	Treasury Shares	Treasury Stock	Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance, January 1, 2025	70,670	$ 71	86,481	$ 86	—	$ —	$ 278,389	$ (53,315)	$ (45,879)	$ 179,352
Exercise of stock options, net	374	—	—	—	—	—	1,165	—	—	1,165
Shares issued upon vesting of Restricted Stock Units, net	863	1	—	—	—	—	(25,035)	—	—	(25,034)
Stock-based compensation expense	—	—	—	—	—	—	18,780	—	—	18,780
Tax impact on capped call transactions	—	—	—	—	—	—	1	—	—	1
Foreign currency translation adjustments and revaluations, net of tax	—	—	—	—	—	—	—	—	15,105	15,105
Unrealized loss from available-for-sale investments, net of tax	—	—	—	—	—	—	—	—	(9)	(9)
Net income	—	—	—	—	—	—	—	11,130	—	11,130
Balance, March 31, 2025	71,907	$ 72	86,481	$ 86	—	$ —	$ 273,300	$ (42,185)	$ (30,783)	$ 200,490
Exercise of stock options, net	871	1	—	—	—	—	6,371	—	—	6,372
Shares issued upon vesting of Restricted Stock Units, net	52	—	—	—	—	—	(921)	—	—	(921)
Shares issued upon vesting of Restricted Stock Awards, net	34	—	—	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	—	—	11,545	—	—	11,545
Shares issued in connection with ESPP	53	—	—	—	—	—	1,782	—	—	1,782
Class B shares exchanged for Class A shares	4,325	4	(4,325)	(4)	—	—	—	—	—	—
Purchase of capped calls, net of tax	—	—	—	—	—	—	1	—	—	1
Foreign currency translation adjustments and revaluations, net of tax	—	—	—	—	—	—	—	—	29,734	29,734
Net loss	—	—	—	—	—	—	—	(961)	—	(961)
Balance, June 30, 2025	77,242	$ 77	82,156	$ 82	—	$ —	$ 292,078	$ (43,146)	$ (1,049)	$ 248,042
Exercise of stock options, net	7	—	—	—	—	—	19	—	—	19
Shares issued upon vesting of Restricted Stock Units, net	66	—	—	—	—	—	(1,073)	—	—	(1,073)
Stock-based compensation expense	—	—	—	—	—	—	13,152	—	—	13,152
Tax impact on capped calls	—	—	—	—	—	—	1	—	—	1
Foreign currency translation adjustments and revaluations, net of tax	—	—	—	—	—	—	—	—	286	286
Net income	—	—	—	—	—	—	—	4,045	—	4,045
Balance, September 30, 2025	77,315	$ 77	82,156	$ 82	—	—	$ 304,177	$ (39,101)	$ (763)	$ 264,472

The accompanying notes are an integral part of these condensed consolidated financial statements.

Vertex, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
For the nine months ended September 30, 2026 and 2025 (unaudited)
(Amounts in thousands)

	Nine months ended September 30,	
	2026	2025
	(unaudited)	
Cash flows from operating activities:		
Net income (loss)	$ (40,100)	$ 14,214
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	87,317	70,797
Amortization of cloud computing implementation costs	3,814	2,895
Provision for subscription cancellations and non-renewals	(3,014)	(498)
Amortization of deferred financing costs	2,041	2,041
Change in fair value of contingent consideration liabilities	(3,038)	(16,200)
Stock-based compensation expense	47,651	46,249
Deferred income taxes	(8,062)	(3,029)
Non-cash operating lease costs	2,754	2,440
Other	(235)	(60)
Changes in operating assets and liabilities, net of the effects of business acquisition(s):		
Accounts receivable	33,395	35,819
Prepaid expenses and other current assets	(1,373)	(14,489)
Deferred commissions	749	(1,332)
Accounts payable	(8,824)	(963)
Accrued expenses	11,481	4,362
Accrued and deferred compensation	6,494	(10,910)
Deferred revenue	(9,977)	(6,784)
Operating lease liabilities	(3,348)	(3,191)
Payments for purchase commitment and contingent consideration liabilities in excess of initial fair value	—	(200)
Other	4,440	2,114
Net cash provided by operating activities	122,165	123,275
Cash flows from investing activities:		
Acquisition of businesses and assets, net of cash acquired	(22,070)	—
Long-term investment	—	(15,000)
Property and equipment additions	(70,607)	(69,342)
Capitalized software additions	(15,969)	(16,444)
Issuance of Note Receivable	(10,000)	—
Purchase of investment securities, available-for-sale	—	(2,398)
Proceeds from sales and maturities of investment securities, available-for-sale	—	11,607
Net cash used in investing activities	(118,646)	(91,577)
Cash flows from financing activities:		
Net increase (decrease) in customer funds obligations	9,244	(4,502)
Repurchases of shares	(73,662)	—
Proceeds from purchases of stock under ESPP	1,807	1,782
Payments for taxes related to net share settlement of stock-based awards	(8,264)	(27,178)
Proceeds from exercise of stock options	442	7,706
Payments for acquisition contingent cash earn-out	(19,600)	—
Payments of finance lease liabilities	(48)	(50)
Net cash used in financing activities	(90,081)	(22,242)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(503)	3,271
Net increase (decrease) in cash, cash equivalents and restricted cash	(87,065)	12,727
Cash, cash equivalents and restricted cash, beginning of period	338,295	326,066
Cash, cash equivalents and restricted cash, end of period	$ 251,230	$ 338,793
Reconciliation of cash, cash equivalents and restricted cash to the Condensed Consolidated Balance Sheets, end of period:		
Cash and cash equivalents	$ 217,797	$ 313,506
Restricted cash—funds held for customers	33,433	25,287
Total cash, cash equivalents and restricted cash, end of period	$ 251,230	$ 338,793

The accompanying notes are an integral part of these condensed consolidated financial statements.

Vertex, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)
(Amounts in thousands, except per share data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Vertex, Inc. ("Vertex") and its consolidated subsidiaries (collectively, the "Company") operate as solutions providers of state, local, and value added tax calculation, compliance, and analytics, offering software products that are sold through software license and software as a service ("cloud") subscriptions. The Company also provides implementation and training services in connection with its software license and cloud subscriptions, transaction tax returns outsourcing, and other tax-related services. The Company sells to customers located throughout the United States ("U.S.") and internationally.

Basis of Consolidation

The condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP") and include the accounts of the Company. All intercompany transactions have been eliminated in consolidation.

On March 2, 2026, the Company completed its acquisition of Brinta (defined in Note 3). The acquisition was accounted for as a business combination. Upon its acquisition, Brinta became a wholly owned subsidiary of the Company, and its operations have been included in the Company's condensed consolidated financial statements commencing on the Acquisition Date (as defined below).

Unaudited Interim Financial Information

The accompanying unaudited interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim financial information and include the accounts of the Company. Certain information and disclosures normally included in consolidated financial statements prepared in accordance with GAAP have been condensed or omitted. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes for the year ended December 31, 2025 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025 (the "2025 Annual Report") filed with the SEC on February 24, 2026. The condensed consolidated balance sheet as of December 31, 2025 has been derived from audited financial statements included in the 2025 Annual Report. The accompanying interim condensed consolidated balance sheet as of September 30, 2026, the interim condensed consolidated statements of comprehensive income (loss) and changes in stockholders' equity for the three and nine months ended September 30, 2026 and 2025, and the interim condensed consolidated statements of cash flows for the nine months ended September 30, 2026 and 2025 are unaudited. The unaudited interim condensed consolidated financial statements have been prepared on a basis consistent with that used to prepare the annual audited consolidated financial statements and include, in the opinion of management, all adjustments, consisting of normal and recurring items necessary for the fair presentation of the condensed consolidated financial statements. The operating results for the three and nine months ended September 30, 2026 are not necessarily indicative of the results expected for the full year ending December 31, 2026.

Use of Estimates

The preparation of condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, equity, revenues, and expenses during the reporting period. Significant estimates used in preparing these condensed consolidated financial statements include: (i) the estimated allowance for subscription cancellations; (ii) expected credit losses associated with the allowance for doubtful accounts; (iii) the reserve for self-insurance; (iv) assumptions related to achievement of technological feasibility for software

developed for sale; (v) product life cycles; (vi) estimated useful lives and potential impairment of long-lived assets, intangible assets, and capitalized cloud computing arrangement software implementation costs; (vii) potential impairment of goodwill; (viii) determination of the fair value of tangible and intangible assets acquired, liabilities assumed, and consideration transferred in acquisitions; (ix) amortization period of deferred commissions; (x) Black-Scholes-Merton option pricing model ("Black-Scholes model") input assumptions used to determine the fair value of certain stock-based compensation awards and Employee Stock Purchase Plan ("ESPP") purchase rights; (xi) measurement of future purchase commitment, fair value of contingent consideration liabilities related to cash and stock earn-out payments, contingent consideration and deferred purchase consideration liabilities associated with acquisitions; (xii) measurements of long-term investment; (xiii) valuation and measurements of the note receivable under the fair value option, and (xiv) the potential outcome of future tax consequences of events that have been recognized in the condensed consolidated financial statements or tax returns. Actual results may differ from these estimates.

Supplemental Balance Sheet Disclosures

Supplemental balance sheet disclosures are as follows for the respective periods:

	As of September 30, 2026 (unaudited)	As of December 31, 2025
Prepaid expenses and other current assets:		
Prepaid expenses	$ 9,506	$ 6,187
Unamortized cloud computing implementation costs	6,778	4,666
Prepaid insurance	898	1,229
Prepaid licenses and support	18,148	20,003
Prepaid corporate income taxes	1,122	6,881
Prepaid expenses and other current assets	$ 36,452	$ 38,966
Other assets:		
Unamortized cloud computing implementation costs	$ 3,277	$ 8,518
Note Receivable [1]	10,059	—
Other assets	3,241	3,727
Total other assets	$ 16,577	$ 12,245
Accrued expenses:		
Accrued general expenses	$ 26,581	$ 18,918
Accrued contract labor and professional fees	12,462	17,624
Accrued income and other taxes	15,511	7,100
Accrued expenses	$ 54,554	$ 43,642

[1] The Note Receivable (as defined in Note 4) is reported at fair value under ASC 825. Included in this amount is accrued interest income of $59. For further information, refer to Note 4 "Financial Instruments and Fair Value Measurements".

Cloud computing software implementation costs incurred in hosting arrangements are capitalized and included as a component of prepaid expenses and other current assets, or other assets, once available for their intended use. These costs are amortized using the straight-line method over their respective contract service periods, including periods covered by an option to extend, ranging from two to five years. Amortization expense for capitalized cloud computing implementation costs for the three and nine months ended September 30, 2026 were $1,419 and $3,814, respectively, and for the three and nine months ended September 30, 2025 were $871 and $2,895, respectively, and are included in general and administrative expense in the condensed consolidated statements of comprehensive income (loss).

Recently Issued Accounting Pronouncements

Interim Reporting (Topic 270): Narrow-Scope Improvements

In December 2025, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements. The standard provides clarifications intended to improve the consistency and usability of interim disclosure requirements, including a comprehensive listing of required interim disclosures and a new disclosure principle for reporting material events occurring after the most recent annual period. The standard does not change the fundamental nature of interim reporting. The standard is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years. The Company is currently evaluating the impact of the standard on its interim reporting processes, including updates to disclosure controls, and interim footnote structure. However, the Company does not expect the adoption of the standard to have a material impact on its consolidated financial statements.

Targeted Improvements to the Accounting for Internal-Use Software

In September 2025, the FASB issued ASU 2025-06, Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. ASU 2025-06 replaces the existing stage based capitalization model with a principles-based approach. Under the new guidance, software development costs are capitalized only when (i) management has authorized and committed to funding the software project, and (ii) it is probable that the project will be completed and the software will be used to perform its intended function. The standard also consolidates guidance for website development costs from Subtopic 350-50 into Subtopic 350-40 and introduces enhanced disclosure requirements related to capitalized software costs. The standard is effective for annual reporting periods beginning after December 15, 2027, including interim reporting periods within those fiscal years. The standard can be adopted retrospectively, prospectively or on a modified prospective basis, and early adoption is permitted as of the beginning of an annual reporting period, provided that the financial statements for that period have not yet been issued or made available for issuance. The Company is currently evaluating the impact of the standard on its consolidated financial statements and related disclosures and will determine the appropriate transition method prior to adoption.

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. Entities will be required to provide disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements for both interim and annual reporting periods. The standard does not change the expense captions that an entity presents on the face of the income statement. The standard will be effective for annual reporting periods beginning after December 15, 2026, and for interim reporting periods for annual reporting periods beginning after December 15, 2027, with early adoption permitted. Entities are required to adopt the standard prospectively; however, entities are permitted to apply the amendments retrospectively to any or all prior periods presented in the financial statements. The Company is continuing to assess the potential impacts of the standard but does not expect this standard to have a material effect on its financial statements, other than the required changes to the disclosures.

2. REVENUE RECOGNITION

Disaggregation of revenue

The table reflects revenue by major source for the following periods:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
	(unaudited)		(unaudited)	
Software subscriptions:				
Software licenses	$ 70,839	$ 72,837	$ 214,304	$ 215,080
Cloud subscriptions	110,838	91,987	309,272	258,349
Software subscriptions	181,677	164,824	523,576	473,429
Services	31,598	27,288	90,315	80,304
Total revenues	$ 213,275	$ 192,112	$ 613,891	$ 553,733

Contract balances

Timing of revenue recognition may differ from the timing of invoicing customers. A receivable is recorded in the condensed consolidated balance sheets when customers are billed related to revenue to be collected and recognized for subscription agreements as there is an unconditional right to invoice and receive payment in the future related to these subscriptions. A receivable and related revenue may also be recorded in advance of billings to the extent services have been performed and the Company has a right under the contract to bill and collect for such performance. Subscription-based customers are generally invoiced annually at the beginning of each annual subscription period. Accounts receivable is presented net of an allowance for potentially uncollectible accounts and estimated cancellations of software license and cloud-based subscriptions (the "allowance") of $7,157 and $11,466 at September 30, 2026 and December 31, 2025, respectively. The allowance for potentially uncollectible accounts represents future expected credit losses over the life of the receivables based on past experience, current information and forward-looking economic considerations.

The beginning and ending balances of accounts receivable, net of allowance, are as follows:

	For the nine months ended September 30, 2026	For the year ended December 31, 2025
	(unaudited)	
Balance, beginning of period	$ 183,446	$ 164,432
Balance, end of period	155,041	183,446
Increase (decrease)	$ (28,405)	$ 19,014

A contract liability is recorded as deferred revenue on the condensed consolidated balance sheets when customers are billed in advance of performance obligations being satisfied, and revenue is recognized ratably over the subscription period. Deferred revenue is included net of a related deferred allowance for subscription cancellations (the "deferred allowance") of $2,835 and $4,120 at September 30, 2026 and December 31, 2025, respectively. The deferred allowance represents the portion of the allowance for subscription cancellations associated with deferred revenue.

The beginning and ending balances of and changes to the allowance and the deferred allowance are as follows:

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(Amounts in thousands, except per share data)

	For the three months ended September 30,			
	2026		2025	
	Balance	Net Change	Balance	Net Change
	(unaudited)			
Allowance balance, July 1	$ (12,271)		$ (16,389)	
Allowance balance, September 30,	(7,157)		(15,069)	
Change in allowance		$ (5,114)		$ (1,320)
Deferred allowance balance, July 1,	4,303		11,661	
Deferred allowance balance, September 30,	2,835		10,682	
Change in deferred allowance		1,468		979
Net amount charged to revenues		$ (3,646)		$ (341)

	For the nine months ended September 30,			
	2026		2025	
	Balance	Net Change	Balance	Net Change
	(unaudited)			
Allowance balance, January 1,	$ (11,466)		$ (16,838)	
Allowance balance, September 30,	(7,157)		(15,069)	
Change in allowance		$ (4,309)		$ (1,769)
Deferred allowance balance, January 1,	4,120		12,028	
Deferred allowance balance, September 30,	2,835		10,682	
Change in deferred allowance		1,285		1,346
Net amount charged to revenues		$ (3,024)		$ (423)

The portion of deferred revenue expected to be recognized in revenue beyond one year is included in deferred revenue, net of current portion in the condensed consolidated balance sheets. The following table provides information about the balances of and changes to deferred revenue for the following periods:

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
	(unaudited)		(unaudited)	
Changes to deferred revenue:				
Beginning balance	$ 386,901	$ 347,250	$ 388,048	$ 344,166
Additional amounts deferred	205,555	183,905	605,024	548,610
Revenues recognized	(213,275)	(192,112)	(613,891)	(553,733)
Ending balance	$ 379,181	$ 339,043	$ 379,181	$ 339,043

Contract costs

Deferred sales commissions earned by the Company's sales force and certain sales incentive programs and vendor referral agreements are considered incremental and recoverable costs of obtaining a contract with a customer. An asset is recognized for these incremental contract costs and included as deferred commissions in the condensed consolidated balance sheets. These contract costs are amortized on a straight-line basis over a period consistent with the transfer of the associated products and services to the customer, which is generally one to three years. Amortization of these costs are included in selling and marketing expense in the condensed consolidated statements of comprehensive income (loss). The Company periodically reviews these contract assets to determine whether events or changes in circumstances have occurred that could impact the period of benefit of these assets. There were no impairment losses recorded for the periods presented.

The changes to contract cost balances as of and for the following periods are:

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
	(unaudited)		(unaudited)	
Deferred commissions:				
Beginning balance	$ 29,166	$ 27,737	$ 31,907	$ 27,480
Additions	9,667	7,205	21,594	18,184
Amortization	(7,675)	(6,130)	(22,343)	(16,852)
Ending balance	$ 31,158	$ 28,812	$ 31,158	$ 28,812

3. ACQUISITIONS

On March 2, 2026 (the "Acquisition Date"), the Company completed its acquisition of 100% of the equity interests of Finta Inc. and its subsidiaries (collectively, "Brinta" or the "Acquisition"). Headquartered in Uruguay, Brinta is a Latin American provider of business-to-business integration services, specializing in indirect tax calculation, tax filing, and e-invoicing. The Company plans to fully integrate Brinta, leveraging its e-invoicing capabilities to immediately expand the Company's coverage across the Latin American region.

Purchase Consideration

Total purchase consideration for the Acquisition was $22,070 net of $40 cash acquired, which included $10,089 for the settlement of pre-existing debt/borrowings.

Additional Consideration

Stock Consideration

In connection with the Acquisition, the Company granted the sellers 497 shares of its Class A common stock (the "Stock Consideration") in the form of restricted stock awards ("RSAs") with an aggregate fair value of $8,000 based on the average closing share price of the Company's Class A common stock for the 30 consecutive trading days ending one business day prior to the Acquisition Date. The RSAs vest ratably over a four-year period (25% vesting annually), conditioned on the continued employment of the sellers during that period. The Stock Consideration is accounted for as post-combination compensation cost and will be recognized as stock-based compensation expense over the applicable service period. For further information on these RSAs, see Note 11, "Stock-Based Award Plans."

Additional Cash Consideration

In connection with the Acquisition, the Company entered into arrangements providing for aggregate additional cash consideration payments of $10,000 to the sellers (the "Additional Cash Consideration"), consisting of two installment payments of $5,000, payable on each of the first and second anniversaries of the Acquisition Date. Continued service to the Company is a requirement for the sellers to receive the additional cash consideration payments; however, in the event a seller is terminated without cause, the remaining payments remain payable on the original scheduled payment dates. These payments are accounted for as post-combination compensation liabilities and will be recognized as compensation expense over the applicable service period. Additional Cash Consideration for the three and nine months ended September 30, 2026 was $1,250 and $2,917, respectively, and is included in general and administrative expense in the condensed consolidated statements of comprehensive income (loss).

Fair Value of Assets Acquired and Liabilities Assumed

The purchase price was allocated to the net assets acquired based on the Company's determination of their estimated fair values using available information as of the Acquisition Date. The excess of purchase consideration over the net assets acquired is recorded as goodwill, which primarily reflects the existence of intangible assets not recognized under U.S. GAAP such as the value of expected future synergies, the value of the assembled workforce and other market factors.

	March 2, 2026 (unaudited)
Cash	$ 40
Accounts receivable	685
Prepaid expenses and other current assets	5
Property and equipment [1]	7,932
Goodwill [2]	15,014
Accounts payable	(46)
Other current liabilities	(33)
Deferred income tax	(1,487)
Total	$ 22,110

[1] Includes $7,848 of acquired developed technology.

[2] Goodwill associated with the acquisition is not deductible for tax purposes.

The fair value, valuation methodology, estimated useful life, and significant assumptions of the identifiable intangible asset acquired in the Acquisition are summarized in the table below:

		March 2, 2026		
Brinta Identifiable Intangibles	Balance Sheet Location	Fair Value	Valuation Methodology	Estimated Useful Life
Developed technology	Property and equipment, net	$ 7,848	Multi-period excess earnings method - income approach	7 years

Any subsequent adjustments to the preliminary values not associated with determination of their fair values on the Acquisition Date will be recorded in the consolidated statements of comprehensive income (loss) in the period in which the adjustment is identified.

Total transaction costs associated with the Acquisition were $69 and $804 for the three and nine months ended September 30, 2026, respectively, and are recorded in other operating expense (income), net in the condensed consolidated statements of comprehensive income (loss).

Vertex, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)
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4. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes the Company's fair value for its financial assets and liabilities measured at fair value on a recurring basis:

		Fair Value Measurements Using		
As of September 30, 2026 (unaudited)	Fair Value	Prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Money Market Funds	$ 182,198	$ 182,198	$ —	$ —
ecosio Cash Earn-outs	69,500	—	—	69,500
ecosio Stock Earn-outs	7,300	—	—	7,300
Long-Term Investment	15,000	—	—	15,000
Note Receivable	10,000	—	—	10,000

		Fair Value Measurements Using		
As of December 31, 2025	Fair Value	Prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Money Market Funds	$ 266,892	$ 266,892	$ —	$ —
ecosio Cash Earn-outs	86,600	—	—	86,600
ecosio Stock Earn-outs	18,900	—	—	18,900
Long-Term Investment	15,000	—	—	15,000

Money Market Funds

The Company has investments in high quality, short-term money market instruments, which are issued and payable in U.S. dollars ("Money Market Funds") and included in cash and cash equivalents on the condensed consolidated balance sheets. Fair value inputs for these investments are considered Level 1 measurements within the fair value hierarchy since Money Market Fund fair values are known and observable through daily published floating net asset values.

ecosio Earn-outs

In connection with the August 2024 acquisition of ecosio GmbH ("ecosio"), the sellers are entitled to three annual earn-outs in the form of cash, with an aggregate value of up to $94,355 (the "Cash Earn-outs"), and stock, with an aggregate value of up to $35,000 (the "Stock Earn-outs," and together with the Cash Earn-outs, the "Earn-outs"), assuming maximum payouts. The Earn-outs are based on ecosio's achievement of certain monthly software revenue targets over a three-year period, measured over an aggregate of 12 months and paid within 90 days after the relevant measurement period. At the acquisition date, the fair value of the Cash Earn-outs and Stock Earn-outs were $71,000 and $34,000, respectively.

The fair value of the Cash Earn-out and the Stock Earn-out were measured on the acquisition date using a Monte Carlo simulation in a risk-neutral framework, calibrated to management's revenue forecasts. Additional information on the Cash Earn-outs and the Stock Earn-outs is presented in the following table:

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Notes to Condensed Consolidated Financial Statements (unaudited) (continued)
(Amounts in thousands, except per share data)

Cash Earn-outs/ Period (unaudited)	Maximum Payout	Fair Value September 30, 2026	Fair Value December 31, 2025
Year 1 - December 1, 2024 - November 30, 2025	$ 19,600	$ — [2]	$ 19,400
Year 2 - December 1, 2025 - November 30, 2026	30,625	29,800	28,600
Year 3 - December 1, 2026 - November 30, 2027	44,130	39,700	38,600
Total Cash Earn-outs	$ 94,355	$ 69,500	$ 86,600

Stock Earn-outs/ Period (unaudited)	Maximum Payout [1]	Fair Value September 30, 2026	Fair Value December 31, 2025
Year 1 - December 1, 2024 - November 30, 2025	$ 12,000	$ — [2]	$ 6,500
Year 2 - December 1, 2025 - November 30, 2026	12,000	3,800	6,500
Year 3 - December 1, 2026 - November 30, 2027	11,000	3,500	5,900
Total Stock Earn-outs	$ 35,000	$ 7,300	$ 18,900

[1] Based on Vertex's August 6, 2024 opening share price of $37.02, as referenced in the purchase agreement.
[2] Not applicable as payment has been settled.

Actual payouts are further adjusted depending on ecosio's software revenue attainment for each of the measurement periods. In the event that actual software revenues exceed 100% of the target, additional payments may be made up to a maximum of 122.5% of the annual target. Under the original purchase agreement, if actual software revenues were below 85% of the target, no payout would have been made for that measurement period. During the third quarter of 2026, the Company amended the purchase agreement to, among other things, establish guaranteed minimum payments for the second and third measurement periods. The Cash Earn-outs are subject to guaranteed minimum software revenue attainment achievement of 107.5% of the applicable target or $27,813 and $38,939 for the second and third measurement periods, respectively. If actual software revenue attainment exceeds 107.5% of the applicable target, the Cash Earn-outs will be based on actual attainment, subject to the existing caps in the purchase agreement. The amendment also guarantees the Stock Earn-outs in full for the second and third measurement periods. The Stock Earn-outs are payable in shares of the Company's Class A common stock.

The Cash Earn-outs and Stock Earn-outs are recorded at fair value in the condensed consolidated balance sheets as follows:

	As of September 30, 2026 (unaudited)		As of December 31, 2025	
	Current [1]	Non-Current [2]	Current [1]	Non-Current [2]
Cash Earn-outs	$ 29,800	$ 39,700	$ 19,400	$ 67,200
Stock Earn-outs	3,800	3,500	6,500	12,400
Total	$ 33,600	$ 43,200	$ 25,900	$ 79,600

[1] Included in purchase commitment and contingent consideration liabilities, current.
[2] Included in purchase commitment and contingent consideration liabilities, net of current portion.

These Earn-outs represent recurring fair value measurements with significant unobservable inputs, which management considers to be Level 3 measurements under the fair value hierarchy. The final payments may be adjusted depending on the actual amount, above or below the target. The Earn-outs will be revalued and adjusted quarterly until the end of the Earn-out period, and any fair value adjustments will be recorded in the change in fair value of acquisition contingent earn-outs line of the condensed consolidated statements of income (loss).

During the three months ended September 30, 2026, the Company recorded fair value adjustments of $2,500 and $300 to the Cash Earn-outs and Stock Earn-outs, respectively. During the nine months ended September 30, 2026, the Company recorded fair value adjustments of $2,500 and $(5,538) to the Cash Earn-outs and Stock Earn-outs, respectively. During the three months ended September 30, 2025, the Company recorded fair value adjustments of $5,100 and $(9,100) to the

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(Amounts in thousands, except per share data)

Cash Earn-outs and Stock Earn-outs, respectively. During the nine months ended September 30, 2025, the Company recorded fair value adjustments of $8,600 and $(25,000) to the Cash Earn-outs and Stock Earn-outs, respectively.

During the nine months ended September 30, 2026, the Company paid Cash Earn-outs of $19,600 for the annual payout period ended November 30, 2025. During the nine months ended September 30, 2026, the Company issued 324 shares of its Class A common stock, valued at a total of $6,062, for the Stock Earn-out period ended November 30, 2025.

The fair values of the Cash Earn-outs and the Stock Earn-outs and unobservable inputs used for the Monte Carlo Simulation valuation are shown in the table below.

	September 30, 2026 (unaudited)			
Liabilities	**Fair Value**	**Valuation Technique**	**Unobservable Inputs**	
ecosio Contingent Consideration - Cash Earn-outs	$ 69,500	Monte Carlo Simulation	Revenue volatility	30.0 %
			Revenue discount rate	7.3 %
			Term (in years)	0.9
ecosio Contingent Consideration - Stock Earn-outs	$ 7,300	Monte Carlo Simulation	Revenue volatility	30.0 %
			Revenue discount rate	7.3 %
			Term (in years)	0.9

	December 31, 2025			
Liabilities	**Fair Value**	**Valuation Technique**	**Unobservable Inputs**	
ecosio Contingent Consideration - Cash Earn-outs	$ 86,600	Monte Carlo Simulation	Revenue volatility	21.0 %
			Revenue discount rate	6.8 %
			Term (in years)	2.2
ecosio Contingent Consideration - Stock Earn-outs	$ 18,900	Monte Carlo Simulation	Revenue volatility	21.0 %
			Revenue discount rate	6.8 %
			Term (in years)	2.2

Changes in the fair value of the Company's Level 3 liabilities during the nine months ended September 30, 2026 were as follows:

	ecosio Contingent Consideration		Kintsugi Long-Term Investment	Kintsugi Note Receivable [1]
	Cash Earn-outs	Stock Earn-outs		
	(unaudited)		(unaudited)	
Balance, January 1, 2026	$ 86,600	$ 18,900	$ 15,000	$ —
Additions	—	—	—	10,000
Fair value adjustments	2,500	(5,538)	—	—
Payments - Cash	(19,600)	—	—	—
Payments - Stock	—	(6,062)	—	—
Balance, September 30, 2026	$ 69,500	$ 7,300	$ 15,000	$ 10,000

[1] Amount excludes interest income of $59 for the nine months ended September 30, 2026.

Long-Term Investment

In April 2025, the Company entered into a Preferred Stock Purchase Agreement (the "Purchase Agreement") with Kintsugi AI, Inc. ("Kintsugi"), a San Francisco-based, AI startup focused on automating sales tax compliance for small and mid-size businesses (the "Kintsugi Investment").

Pursuant to the Purchase Agreement, the Company purchased 1,568 preferred shares (the "Preferred Stock") for aggregate consideration of approximately $15,000 (the "Purchase Price"), representing approximately 10% of the fully diluted shares outstanding of Kintsugi on an "as converted" basis, and received a warrant to purchase 320 shares of Kintsugi's Class A common stock at a price of $0.01 per share (the "Warrant"). The fair value of the Warrant was determined to be nil and therefore the Company allocated the full Purchase Price to the value of the Preferred Stock. The Warrant expired unexercised during the third quarter of 2026 and is no longer outstanding or exercisable.

The Company classified the Preferred Stock as an equity security under ASC 321, Investments – Equity Securities. As Kintsugi is a privately held company without a readily determinable fair value, the Preferred Stock qualifies for the measurement alternative under ASC 321 and is measured at cost, less impairment, subject to upward and downward adjustments resulting from observable price changes for identical or similar investments of the same issuer. These adjustments require quantitative assessments of the fair value, which may require the use of unobservable inputs, which management considers to be Level 3 measurements under the fair value hierarchy. The Company performs a qualitative assessment each reporting period to identify indicators of impairment. No observable price change or impairment adjustments have been recorded for either the three or nine months ended September 30, 2026 or 2025. The $15,000 carrying value of the Kintsugi Investment is presented in the long-term investment line in the condensed consolidated balance sheets.

Note Receivable

On September 3, 2026, the Company funded a $10,000 convertible promissory note issued by Kintsugi (the "Note Receivable"). The Note Receivable bears interest at an annual rate of 8%, compounded annually, and matures on September 3, 2028. Upon the occurrence of certain financing events, the outstanding principal and accrued interest may convert into preferred stock at a 20% discount to the price paid by investors in the applicable financing.

The Company elected the fair value option under ASC 825 to better align reported results with changes in the underlying value of the Note Receivable. The Company measures the Note Receivable at fair value each reporting period, with changes in fair value recognized in the condensed consolidated statements of comprehensive income (loss). As of September 30, 2026, the transaction price approximated fair value. Accordingly, the Company did not recognize an unrealized gain or loss for the three and nine months ended September 30, 2026. During the three and nine months ended September 30, 2026, the Company recognized $59 of interest income in the interest income, net, line of the condensed consolidated statements of comprehensive income (loss). The Note Receivable is reported within the other assets line in the condensed consolidated balance sheets.

The Note Receivable is classified within Level 3 of the fair value hierarchy because its valuation incorporates significant unobservable inputs. The Company estimates the fair value of the Note Receivable using a scenario-based discounted cash flow analysis that considers the contractual proceeds under various potential outcomes. Significant assumptions include the probability and expected timing of each outcome, the credit spread, and the risk-free interest rate. As of September 30, 2026, no portion of the Note Receivable was 90 days or more past due.

Assets and Liabilities for Which Fair Value is Only Disclosed

The carrying amounts of cash and cash equivalents and the carrying amount of funds held for customers were the same as their respective fair values and are considered Level 1 measurements.

The carrying amount of the Company's bank debt approximates fair value as the variable rates on the debt approximate those commercially available in the market and is considered a Level 3 measurement.

Non-recurring Fair Value Measurements

The Brinta acquisition on March 2, 2026, and the ecosio acquisition on August 30, 2024, were accounted for as business combinations and the total purchase price for each acquisition was allocated to the net assets acquired and liabilities assumed based on their estimated fair values on the dates of acquisition.

Derivative Instruments

The Company may periodically enter into derivative contracts to reduce its exposure to foreign currency exchange rates. Historically, the Company has not designated derivative contracts as hedges. Such derivative contracts are typically designed to manage specific risks according to the Company's strategies, which may change from time to time.

Convertible Senior Notes

As of September 30, 2026 and December 31, 2025, the fair value of the Notes (as defined in Note 8) was $306,950 and $327,043, respectively. The fair value was determined based on the quoted price of the Notes in an over-the-counter market on the last trading day of the reporting period and has been classified as Level 2 in the fair value hierarchy. For further information on the Notes, refer to Note 8, "Debt".

5. PROPERTY AND EQUIPMENT

The major components of property and equipment are as follows:

	As of September 30, 2026 (unaudited)	As of December 31, 2025
Leasehold improvements	$ 20,407	$ 20,395
Equipment	19,312	16,426
Computer software purchased	1,372	1,383
Internal-use software developed:		
Cloud-based customer solutions [1]	396,115	328,648
Internal systems and tools	112,824	92,074
Furniture and fixtures	7,201	7,187
In-process internal-use software	4,164	21,416
Property and equipment	561,395	487,529
Less accumulated depreciation and amortization	(343,668)	(277,802)
Property and equipment, net	$ 217,727	$ 209,727

[1] Includes $7,848 of developed technology related to the Brinta acquisition. For further information, refer to Note 3, "Acquisitions".

Depreciation expense for property and equipment, excluding all internal-use software developed and finance leases, was $1,254 and $1,089 for the three months ended September 30, 2026 and 2025, respectively, and $3,628 and $3,213 for

the nine months ended September 30, 2026 and 2025, respectively, and is included in depreciation and amortization in the condensed consolidated statements of comprehensive income (loss).

Finance lease amortization was $8 and $18 for the three months ended September 30, 2026 and 2025, respectively, and $34 and $56 for the nine months ended September 30, 2026 and 2025, respectively, and is included in depreciation and amortization in the condensed consolidated statements of comprehensive income (loss).

Assets under finance leases of $141 and $265, net of accumulated amortization of $81 and $171, respectively, at September 30, 2026 and December 31, 2025, respectively, are included in property and equipment, net in the condensed consolidated balance sheets.

The major components of internal-use software developed are as follows:

	As of September 30, 2026	As of December 31, 2025
	(unaudited)	
Internal-use software developed	$ 508,939	$ 420,722
Less accumulated depreciation	(306,993)	(244,374)
Internal-use software developed, net of accumulated depreciation	201,946	176,348
In-process internal-use software	4,164	21,416
Internal-use software developed, net	$ 206,110	$ 197,764

Amounts included in property and equipment additions related to capitalized internal-use software on the condensed consolidated statements of cash flows are as follows:

	For the nine months ended September 30,	
	2026	2025
	(unaudited)	
Cloud-based customer solutions	$ 51,019	$ 49,177
Internal systems and tools	16,331	16,001
Total	$ 67,350	$ 65,178

In-process internal-use software developed is not depreciated until it is available for its intended use. Depreciation expense for internal-use software developed for cloud-based customer solutions for the three months ended September 30, 2026 and 2025 was $17,719 and $12,522, respectively, and $47,820 and $33,791, for the nine months ended September 30, 2026 and 2025, respectively, and is included in cost of revenues, software subscriptions in the condensed consolidated statements of comprehensive income (loss).

Depreciation expense for internal-use software developed for internal systems and tools for the three months ended September 30, 2026 and 2025 was $6,218 and $5,264, respectively and $16,979 and $15,170 for the nine months ended September 30, 2026 and 2025, respectively, and is included in depreciation and amortization in the condensed consolidated statements of comprehensive income (loss).

6. CAPITALIZED SOFTWARE

Capitalized software includes acquired software and direct labor and related expenses for software developed for sale for new products and enhancements to existing products.

The major components of capitalized software are as follows:

	As of September 30, 2026 (unaudited)	As of December 31, 2025
Capitalized software	$ 176,664	$ 161,402
Less accumulated amortization	(144,171)	(126,890)
Capitalized software, net of accumulated depreciation	32,493	34,512
In-process capitalized software	1,664	968
Capitalized software, net	$ 34,157	$ 35,480

Software development costs capitalized for the three months ended September 30, 2026 and 2025, were $5,321 and $5,879, respectively, and $15,969 and $16,444 for the nine months ended September 30, 2026 and 2025, respectively.

Capitalized software amortization expense, including amortization of acquired technology, was $5,425 and $5,621 for the three months ended September 30, 2026 and 2025, respectively, and $17,292 and $16,877 for the nine months ended September 30, 2026 and 2025, respectively, and is included in cost of revenues, software subscriptions in the condensed consolidated statements of comprehensive income (loss).

7. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets are as follows for the periods presented:

	As of September 30, 2026 (unaudited)	As of December 31, 2025
Goodwill [1]	$ 398,727	$ 392,493
Other intangible assets, net	1,867	3,513
Total	$ 400,594	$ 396,006

[1] Includes $15,014 related to the Brinta acquisition. For further information, refer to Note 3, "Acquisitions".

The Company has recognized various amortizable other intangible assets in connection with acquisitions related to customer relationships, technology, and tradenames. The following tables provide additional information for other intangible assets, which are individually not material to the condensed consolidated financial statements, for the periods presented:

	As of September 30, 2026 (unaudited)	As of December 31, 2025
Weighted average amortization period (years)	0.9	1.7
Gross value	$ 16,912	$ 17,026
Accumulated amortization	(15,045)	(13,513)
Carrying value	$ 1,867	$ 3,513

The following table presents amortization of other intangible assets:

For the three months ended September 30,	Selling and Marketing Expense	Total Expense
2026	$ 517	$ 517
2025	588	588

For the nine months ended September 30,	Selling and Marketing Expense	Total Expense
2026	$ 1,564	$ 1,564
2025	1,690	1,690

8. DEBT

Credit Agreement

The Company has a credit agreement ("Credit Agreement") with a banking syndicate, which currently provides a $300,000 revolving facility (the "Line of Credit"). The Company had no outstanding borrowings under the Credit Agreement at September 30, 2026 or December 31, 2025.

Indenture and Notes

On April 26, 2024, the Company issued $345,000 aggregate principal amount of 0.750% Convertible Senior Notes due 2029 (the "Notes") to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933, as amended. The Notes bear interest at a rate of 0.750% per annum on the principal amount thereof, payable semi-annually in arrears on May 1 and November 1 of each year. The Notes will mature on May 1, 2029, unless earlier repurchased, redeemed or converted in accordance with their terms.

There have been no changes to the initial conversion price of the Notes since issuance. The Notes are convertible into the Company's Class A common stock at the option of the holders. As of September 30, 2026, none of the Notes were converted.

Capped Call Transactions

In connection with the pricing of the Notes on April 23, 2024, the Company entered into privately negotiated capped call transactions (the "Base Capped Call Transactions") with certain financial institutions (together, the "Option Counterparties"). In connection with the exercise of the option to purchase the additional Notes in full, the Company entered into additional capped call transactions with the Option Counterparties (together with the Base Capped Call Transactions, the "Capped Call Transactions").

The Company's indebtedness at September 30, 2026 and December 31, 2025 was as follows:

	As of September 30, 2026 (unaudited)			As of December 31, 2025		
	Principal Amount	Discounts and Deferred Financing Costs	Net Carrying Amount	Principal Amount	Discounts and Deferred Financing Costs	Net Carrying Amount
Convertible senior notes, non-current	$ 345,000	$ (5,830)	$ 339,170	$ 345,000	$ (7,523)	$ 337,477
Total debt	$ 345,000	$ (5,830)	$ 339,170	$ 345,000	$ (7,523)	$ 337,477

The Company's interest expense related to the Notes is as follows:

	For the three months ended September 30, (unaudited)		For the nine months ended September 30, (unaudited)	
	2026	2025	2026	2025
Contractual interest expense	$ 647	$ 646	$ 1,941	$ 1,940
Amortization of issuance costs	564	565	1,692	1,693
Total interest expense, convertible senior notes	$ 1,211	$ 1,211	$ 3,633	$ 3,633

9. STOCKHOLDERS' EQUITY

Common Stock

During the three months ended September 30, 2026, the Company issued (i) 2 shares of Class A common stock related to the exercise of options and (ii) 51 shares of Class A common stock in connection with the vesting of Restricted Stock Units ("RSUs"), net of 25 shares returned to the Company in lieu of payment of taxes due on the vesting of these RSUs. During the nine months ended September 30, 2026, the Company issued (i) 308 shares of Class A common stock related to the exercise of options, net of 59 shares returned to the Company in lieu of payment of the exercise price and taxes due on these exercises, (ii) 1,076 shares of Class A common stock in connection with the vesting of RSUs, net of 615 shares returned to the Company in lieu of payment of taxes due on the vesting of these RSUs, (iii) 37 shares of Class A common stock in connection with the vesting of Restricted Stock Awards ("RSAs"), (iv) 324 shares of its Class A common stock for the Stock Earn-out period ended November 30, 2025, and (v) 142 shares of Class A common stock in connection with the ESPP.

During the three months ended September 30, 2025, the Company issued (i) 7 shares of Class A common stock related to the exercise of options, and (ii) 66 shares of Class A common stock in connection with the vesting of RSUs net of 34 shares returned to the Company in lieu of payment of taxes due on the vesting of these RSUs. During the nine months ended September 30, 2025, the Company issued (i) 1,252 shares of Class A common stock related to the exercise of options, net of 18 shares returned to the Company in lieu of payment of the exercise price and taxes due on these exercises, (ii) 981 shares of Class A common stock in connection with the vesting of RSUs, net of 604 shares returned to the Company in lieu of payment of taxes due on the vesting of these RSUs, (iii) 34 shares of Class A common stock in connection with the vesting of RSAs, (iv) 53 shares of Class A common stock in connection with the ESPP, and

(v) 4,325 shares of Class A common stock related to a stockholder's election to convert an equivalent number of shares of Class B common stock.

Treasury Stock

The Repurchase Program

On October 30, 2025, the board of directors (the "Board") authorized a stock repurchase program for up to $150,000 of the Company's outstanding shares of Class A common stock (the "Repurchase Program"). Under the Repurchase Program, share repurchases may be made from time to time in one or more open market or privately negotiated transactions, and/or through other legally permissible means in accordance with applicable rules and regulations promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The timing and amount of any shares repurchased will be determined by the Company's management based on its evaluation of market conditions and other factors. Repurchases may also be made under a Rule 10b5-1 plan, which would permit shares to be repurchased when the Company might otherwise be precluded from doing so under insider trading laws. Any repurchased shares will be available for use in connection with the Company's stock plans and for other corporate purposes. The Repurchase Program has no termination date and may be modified, suspended or discontinued at any time.

The table below sets forth information regarding repurchase of shares under the Repurchase Program (in thousands, except per share data):

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
	(unaudited)		(unaudited)	
Total number of shares repurchased	2,036	—	5,420	—
Average price paid per share [1]	$ 13.26	$ —	$ 13.56	$ —
Amount repurchased [1]	$ 27,000	$ —	$ 73,500	$ —

[1] Amount excludes excise tax and commissions.

10. EARNINGS PER SHARE

The tables below illustrate the calculation of basic and diluted net income per common share for the Class A common stock and Class B common stock for the periods reflected below.

	For the three months ended September 30,				For the nine months ended September 30,			
	2026		2025		2026		2025	
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
	(unaudited)				(unaudited)			
Basic net income (loss) per share:								
Numerator								
Allocation of net income (loss) [1]	$ (22,927)	$ (23,706)	$ 1,961	$ 2,084	$ (19,652)	$ (20,448)	$ 6,636	$ 7,578
Denominator								
Total shares used in per share computation	79,455	82,156	77,290	82,156	78,961	82,156	74,102	84,610
Basic net income (loss) per share:	$ (0.29)	$ (0.29)	$ 0.03	$ 0.03	$ (0.25)	$ (0.25)	$ 0.09	$ 0.09
Diluted net income (loss) per share:								
Numerator								
Allocation of net income (loss) [1]	$ (22,927)	$ (23,706)	$ 1,996	$ 2,049	$ (19,652)	$ (20,448)	$ 6,813	$ 7,401
Total net income (loss) used in per diluted computation	$ (22,927)	$ (23,706)	$ 1,996	$ 2,049	$ (19,652)	$ (20,448)	$ 6,813	$ 7,401
Denominator								
Number of shares used in basic per share computation	79,455	82,156	77,290	82,156	78,961	82,156	74,102	84,610
Dilutive effect of common stock equivalents	—	—	2,725	—	—	—	3,782	—
Total shares used in per share computation	79,455	82,156	80,015	82,156	78,961	82,156	77,884	84,610
Dilutive net income (loss) per share:	$ (0.29)	$ (0.29)	$ 0.02	$ 0.02	$ (0.25)	$ (0.25)	$ 0.09	$ 0.09

[1] Allocation of net income (loss) is based on the percentage of shares outstanding.

The following weighted-average outstanding shares of Class A common stock equivalents by award type were excluded from the computation of diluted net income (loss) per share attributable to Class A common stock stockholders, as the impact of including them would have been anti-dilutive.

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
	(unaudited)		(unaudited)	
Stock Options [1]	958	—	1,143	—
Out-of-the Money Stock Options	311	51	300	21
RSAs	622	—	465	—
RSUs	8,283	—	7,441	—
ESPP	80	—	100	29
Convertible Senior Notes	9,498	9,498	9,498	9,498

[1] Total excludes out-of-the money stock options.

11. STOCK-BASED AWARD PLANS

The 2020 Incentive Award Plan (the "2020 Plan") provides the ability to grant cash and equity-based incentive awards to eligible employees, directors and service providers in order to attract, retain and motivate those that make important contributions to the Company. The Company issued stock options, RSAs, RSUs, and PSUs (as defined below) under the

2020 Plan. As of September 30, 2026, 12,821 shares of Class A common stock were available for issuance under the 2020 Plan.

Options

The following table summarizes activity for options outstanding under the 2020 Plan for the nine months ended September 30, 2026:

2020 Plan Option Activity	Units	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
		(unaudited)		
Outstanding at January 1, 2026	1,700	$ 7.32	4.3	$ 22,526
Exercised	(367)	2.55		
Forfeited	(65)	19.85		
2020 Plan options outstanding at September 30, 2026	1,268	$ 8.05	3.6	$ 7,919
2020 Plan options exercisable at September 30, 2026	1,268	$ 8.05	3.6	$ 7,919

The details of options outstanding, vested, and exercisable under the 2020 Plan as of September 30, 2026 are as follows:

	Options Outstanding		Options Vested and Exercisable	
Exercise Prices	Units	Weighted Average Life (Years)	Units	Weighted Average Life (Years)
		(unaudited)		
$0.15 to $0.71	150	*	150	*
$3.17	53	1.4	53	1.4
$3.73	392	3.1	392	3.1
$4.70	361	3.4	361	3.4
$18.47	190	5.2	190	5.2
$19.00	42	5.0	42	5.0
$32.16	80	4.3	80	4.3
	1,268		1,268	

*These options have indefinite contractual lives.

The Board intends all options granted to be exercisable at a price per share not less than the per share fair market value of the Company's Class A common stock underlying the options on the date of grant. Compensation expense for option awards are measured based on the grant date fair value of the awards and recognized in the condensed consolidated statements of comprehensive income (loss) over the period during which the participant is required to perform the requisite services. The vesting period is generally one to four years. The grant date fair value of options is estimated using the Black-Scholes model.

There were no options issued under the 2020 Plan during the nine months ended September 30, 2026 or 2025. At September 30, 2026, all compensation expense associated with the options was fully recognized.

Restricted Stock Units

The following table summarizes RSU activity for the nine months ended September 30, 2026:

	Units	Weighted Average Grant Date Fair Value Per Share
		(unaudited)
Outstanding at January 1, 2026	5,412	$ 25.05
Granted	6,018	12.96
Vested	(1,691)	22.95
Forfeited	(756)	19.28
Outstanding at September 30, 2026	8,983	$ 17.88

Stock-based compensation cost for RSUs is measured based on the fair value of the Company's underlying common stock on the date of grant and is recognized on a straight-line basis in the condensed consolidated statements of comprehensive income (loss) over the period during which the participant is required to perform services in exchange for the award, which is generally one to four years. Vested RSUs are settled by issuing Class A common stock or the equivalent value in cash at the Board's discretion. At September 30, 2026, $110,627 of unrecognized compensation expense for RSUs is expected to be recognized over a weighted average period of approximately 2.9 years.

Restricted Stock Awards

The following table summarizes Restricted Stock Awards ("RSAs") activity for the nine months ended September 30, 2026:

	Units	Weighted Average Grant Date Fair Value Per Share
		(unaudited)
Outstanding at January 1, 2026	37	$ 37.55
Granted	622	14.08
Vested	(37)	37.55
Outstanding at September 30, 2026	622	$ 14.08

Stock-based compensation cost for RSAs is measured based on the fair value of the Company's underlying common stock on the date of grant and is recognized on a straight-line basis in the condensed consolidated statements of comprehensive income (loss) over the period during which the participant is required to perform services in exchange for the award, which is generally one to four years.

In connection with the Brinta acquisition, the Company granted the sellers 497 RSAs with an aggregate fair value of $7,151, based on the value of the Company's Class A common stock on the Acquisition Date. The RSAs vest ratably over a four-year service period, with 25% vesting annually and are recognized on a straight-line basis in the condensed consolidated statements of comprehensive income (loss).

At September 30, 2026, $7,222 of unrecognized compensation expense for RSAs is expected to be recognized over a weighted average period of approximately 3.1 years.

Performance Stock Units

On August 3, 2026, the Board approved Performance Stock Units ("PSUs") for certain members of the Company's leadership team under the Company's 2020 Incentive Award Plan. The PSUs are divided into three equal annual tranches and may be earned based on the achievement of specified annual financial and operational goals established for each applicable performance period, which includes fiscal years 2026, 2027, and 2028. Each annual tranche may be earned from 0% to 200% of the Board approved targets. Earned PSUs vest on December 31, 2028, subject to continued service through that date and the terms of the applicable award agreement. The 2026 tranche had a grant date of August 3, 2026. The 2027 and 2028 tranches will have separate grant dates established when their respective performance goals are approved and communicated, provided the other grant-date criteria are met.

The PSUs are equity-classified under ASC 718 because participants cannot require cash settlement and the Company intends and has historically settled comparable awards in shares, although it may elect cash settlement. Compensation cost for each tranche is based on grant-date fair value and the probable number of units earned, recognized over the requisite service period and adjusted cumulatively for changes in the probable outcome.

The following table summarizes the PSU activity for the nine months ended September 30, 2026:

	Units	Weighted Average Grant Date Fair Value Per Share (unaudited)
Outstanding at January 1, 2026	—	$ —
Granted	233	13.40
Outstanding at September 30, 2026	233	$ 13.40

At September 30, 2026, $2,486 of unrecognized compensation expense for the 2026 tranche of the PSUs is expected to be recognized over a weighted average period of approximately 2.0 years.

ecosio PSUs

In connection with the 2024 ecosio acquisition, current and newly hired employees of ecosio have or may receive RSUs that vest upon continuing service and performance conditions (the "ecosio PSUs"). These performance conditions are based upon ecosio's monthly software revenues meeting specified annual targets over a three-year period. The annual targets are based on a range of performance targets in which grantees may earn a prorated portion of the base number of awards granted up to 100%.

The stock-compensation expense associated with the awards will be accounted for as compensation expense over the vesting periods based on the Company's assessment of the probability of achieving the targets. If the required conditions are not met, no compensation expense is recognized and any previously recognized compensation expense is reversed. Compensation cost for each tranche is based on grant-date fair value and the probable number of units earned, recognized over the requisite service period and adjusted cumulatively for changes in the probable outcome.

The following table summarizes the ecosio PSU activity for the nine months ended September 30, 2026:

	Units	Average Grant Date Fair Value Per Share (unaudited)
Outstanding at January 1, 2026	141	$ 50.86
Granted	58	12.97
Forfeited	(5)	43.72
Outstanding at September 30, 2026	194	$ 39.59

At September 30, 2026, a maximum of $2,053 of unrecognized compensation expense for the ecosio PSUs, pending achievement of targets, may be recognized over a weighted average period of approximately 1.2 years.

Employee Stock Purchase Plan

The ESPP provides eligible employees with rights during each six-month ESPP offering period to purchase shares of the Company's Class A common stock through payroll deductions of up to a specified percentage of their eligible compensation. The purchase price of the shares, in the absence of a contrary designation, is 85% of the lower of the fair value of the Class A common stock on the first or last day of the ESPP offering period. Amounts withheld from participants are included in accrued salaries and benefits in the condensed consolidated balance sheets until such shares are purchased. Amounts withheld from participants for the offering period ending November 30, 2026 aggregated $1,557 as of September 30, 2026. As of September 30, 2026, 5,990 shares of Class A common stock were available for issuance under the ESPP.

As of September 30, 2026, there was approximately $183 of unrecognized ESPP stock-based compensation expense expected to be recognized on a straight-line basis over the remaining term of the six-month offering period ending November 30, 2026.

At September 30, 2026 and 2025, there were two ESPP offering periods open that end November 30, 2026 and 2025, respectively. The fair value of ESPP purchase rights for the offering periods is comprised of the value of the 15% ESPP discount and the value associated with the call or put over the respective ESPP offering period. ESPP offering periods reported in the September 30, 2026 and 2025 financial statements include the periods noted below in the table. The value of the call or put was estimated using the Black-Scholes model with the following assumptions:

	Offering Period Ending	
	11/30/2026	11/30/2025
Fair market value of common stock	$ 14.96	$ 39.86
Volatility	44.7 %	33.5 %
Expected term (years)	0.5	0.5
Expected dividend yield	- %	- %
Risk-free interest rate	3.8 %	4.3 %

Volatility is representative of expected stock price volatility over the offering period based on the Company's historic stock price volatility. The expected term represents the term of the ESPP offering period, which is six months. The Company does not expect to pay dividends. The risk-free interest rate was based on the rate for a U.S. Treasury zero-coupon issue with a term that closely approximates the expected term of the award at the date nearest to the offering term.

Stock-Based Compensation

The Company recognized total stock-based compensation expense related to incentive awards, net of forfeitures, as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
	(unaudited)		(unaudited)	
Stock-based compensation expense:				
Stock options	$ —	$ 111	$ —	$ 532
RSUs	11,961	10,026	39,355	39,777
RSAs	853	354	2,146	960
PSUs (including ecosio PSUs)	2,290	2,301	5,320	4,009
ESPP	277	423	830	971
Total stock-based compensation expense	$ 15,381	$ 13,215	$ 47,651	$ 46,249

The Company recognized stock-based compensation expense in the condensed consolidated statements of comprehensive income (loss) as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
	(unaudited)		(unaudited)	
Stock-based compensation expense:				
Cost of revenues, software subscriptions	$ 1,214	$ 1,218	$ 4,042	$ 4,678
Cost of revenues, services	958	1,341	3,563	4,061
Research and development	2,685	3,163	8,991	10,027
Selling and marketing	4,994	3,391	14,634	12,432
General and administrative	5,530	4,102	16,421	15,051
Total stock-based compensation expense	$ 15,381	$ 13,215	$ 47,651	$ 46,249

12. COMMITMENTS AND CONTINGENCIES

In January 2022, the Company filed a complaint against a competitor alleging claims of unfair competition, intentional interference with contractual relations, and trade secret misappropriation. Following a jury trial, on October 29, 2026, a verdict was reached concluding that no trade secret misappropriation occurred. The Company is currently evaluating its options with respect to the verdict, including potential appeal. The Company has not recognized any potential impact to the condensed consolidated financial statements related to the outcome of the case.

During the three months ended September 30, 2026 and 2025, the Company recognized $2,613 and $2,785, respectively, and during the nine months ended September 30, 2026 and 2025, the Company recognized $6,396 and $8,093, respectively, for legal expenses associated with the case within the other operating expense, net line of the condensed consolidated statements of comprehensive income (loss).

The Company may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm the Company's business. The Company is not aware of any such legal proceedings or claims that management believes will have a material adverse effect on its business, financial condition, or operating results.

13. SEGMENT DISCLOSURES

The Company operates its business as one operating segment. Operating segments are defined as components of an enterprise in which separate financial information is evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and assess performance. The Company's CODM, the Chief Executive Officer, reviews financial information regularly at the consolidated level. Net income (loss) and adjusted earnings before interest, taxes, depreciation, and amortization ("Adjusted EBITDA"), a non-GAAP measure, are both used as metrics to evaluate performance of the business in deciding whether to reinvest profits into software development, acquisitions or into other areas of the Company. The Company believes that Adjusted EBITDA is a useful supplemental measure to evaluate overall operating performance as it measures business performance by focusing on cash related results and it is an important metric to lenders under the Company's Credit Agreement. The most directly comparable GAAP measure to Adjusted EBITDA is net income (loss).

The CODM monitors consolidated forecasted versus actual net income (loss) and Adjusted EBITDA results for the purpose of determining the general health of the Company and assessing the performance of the Company as compared to management's expectations.

Vertex, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)
(Amounts in thousands, except per share data)

The following significant expense categories and measures of segment income (loss) are regularly reported to the CODM for the Company's single segment:

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
	(unaudited)		(unaudited)	
Total Revenues	$ 213,275	$ 192,112	$ 613,891	$ 553,733
Less:				
Cost of revenues – software subscriptions	52,418	50,034	155,764	138,738
Cost of revenues – services	20,648	20,762	61,749	59,485
Research & development	24,680	19,929	74,035	61,397
Selling & marketing	49,651	47,385	154,185	143,994
General & administrative	51,668	44,609	157,149	133,029
Depreciation & amortization	7,479	6,372	20,641	18,439
Change in fair value of acquisition contingent earn-outs	2,800	(4,000)	(3,038)	(16,400)
Other segment items [1]	3,617	2,701	8,141	10,109
Interest income, net	(342)	(1,245)	(1,643)	(4,012)
Income tax expense (benefit)	47,289	1,520	27,008	(5,260)
Net income (loss) (GAAP)	$ (46,633)	$ 4,045	$ (40,100)	$ 14,214
Adjustments:				
Interest income, net	(342)	(1,245)	(1,643)	(4,012)
Income tax expense (benefit)	47,289	1,520	27,008	(5,260)
Depreciation and amortization – property and equipment	7,479	6,372	20,641	18,439
Depreciation and amortization of capitalized software and acquired intangible assets – cost of subscription revenues	23,144	18,143	65,112	50,668
Amortization of acquired intangible assets – selling and marketing expense	517	588	1,564	1,690
Amortization of cloud computing implementation costs – general and administrative expense	1,419	871	3,814	2,895
Stock-based compensation expense	15,381	13,215	47,651	46,249
Severance expense [2]	3,378	1,199	13,475	1,973
Acquisition contingent consideration	—	—	—	200
Change in fair value of acquisition contingent earn-outs	2,800	(4,000)	(3,038)	(16,400)
Acquisition-related retained employee compensation[3]	1,250	—	2,917	—
Transaction and other business transformation costs [4]	9,089	2,785	22,448	8,425
Adjusted EBITDA (Non-GAAP)	$ 64,771	$ 43,493	$ 159,849	$ 119,081

[1] Other segment items include professional fees, contracted labor, transaction costs, acquisition related earn-out adjustments and foreign currency exchange gains (losses).
[2] The three and nine months ended September 30, 2026 include $3,324 and $11,207, respectively, in severance costs related to the Value Creation Plan. For further information, refer to Note 15, "Restructuring" to the condensed consolidated financial statements.
[3] The acquisition-related compensation expenses recorded for the three and nine months ended September 30, 2026 are related to the Additional Cash Consideration obligation associated with the acquisition of Brinta. For further information, refer to Note 3, "Acquisitions" to the condensed consolidated financial statements.
[4] The three and nine months ended September 30, 2026 periods include $5,550 and $14,350, respectively, in costs incurred to support the execution of our Value Creation Plan. For further information, refer to Note 15, " Restructuring" to the condensed consolidated financial statements. Amounts also include legal expenses associated with litigation related to claims the Company has made against a competitor. For further information, refer to Note 12, "Commitments and Contingencies" to the condensed consolidated financial statements.

Additionally, the Company considers stock-based compensation expense a significant expense category. For further information, refer to Note 11, "Stock-Based Award Plans."

As the Company operates solely within one segment, total assets, property and equipment, net, and capitalized software, net are reported at the consolidated level on the condensed consolidated balance sheets. The Company's assets include both current and long-lived assets, and corporate assets. As of September 30, 2026 and December 31, 2025, $1,421 and $1,347, respectively, of the Company's property and equipment assets were held outside of the U.S.

Depreciation and amortization, property and equipment additions, and capital software additions are reported at the consolidated level on the condensed consolidated statements of cash flows.

The Company disaggregates revenue from contracts with customers based on geographical regions, timing of revenue recognition, and the major product and service types. For the three and nine months ended September 30, 2026, approximately 13% and 12% of the Company's revenues were generated from customers located outside the U.S. For both the three and nine months ended September 30, 2025, approximately 9% of the Company's revenues were generated from customers located outside the U.S. None of the Company's customers represented more than 10% of total revenues for the three or nine months ended September 30, 2026 or 2025. For further information, including disaggregation of revenues, refer to Note 2, "Revenue Recognition."

14. INCOME TAXES

The Company reported income tax expense (benefit) of $47,289 and $1,520 for the three months ended September 30, 2026 and 2025, respectively, and $27,008 and $(5,260) for the nine months ended September 30, 2026 and 2025, respectively. The effective income tax rate was 7,208.7% for the three months ended September 30, 2026, compared to 27.3% for the three months ended September 30, 2025, and (206.3)% for the nine months ended September 30, 2026, compared to (58.7)% for the nine months ended September 30, 2025.

In determining interim provisions for income taxes, the Company uses the annual estimated effective tax rate applied to the actual year-to-date income (loss) adjusted for discrete items arising year-to-date. The Company's effective tax rate differs from the U.S. federal statutory rate of 21% primarily due to fluctuations in valuation allowances on net deferred tax assets established for U.S. and certain foreign jurisdictions, state taxes, tax credits, tax benefits on the exercises and vesting of stock awards, limitations on deductions of certain employees' compensation under Internal Revenue Code Section 162(m), foreign taxes, and fluctuations in nondeductible contingent consideration liabilities and transaction costs.

The income tax expense for the three months ended September 30, 2026 was primarily attributable to reduced forecasted pre-tax income in profitable jurisdictions, which resulted in a negative estimated annual effective tax rate applied to pre-tax loss for the nine months ended September 30, 2026. This resulted in income tax expense for the nine months ended September 30, 2026 compared to the income tax benefit for the six months ended June 30, 2026. The income tax expense for the nine months ended September 30, 2026 was primarily attributable to fluctuations in valuation allowances on net deferred tax assets established for U.S. and certain foreign jurisdictions, tax expense from stock-based awards exercised or vested, state taxes, and the application of the negative estimated annual effective tax rate applied to the pre-tax loss for the nine months ended September 30, 2026.

The income tax expense for the three months ended September 30, 2025 was primarily attributable to taxes in profitable jurisdictions and fluctuations in valuation allowance on net deferred tax assets established for U.S. and certain foreign jurisdictions. This income tax expense was partially offset by fluctuations in tax credits and nondeductible contingent consideration liabilities. The income tax benefit for the nine months ended September 30, 2025 was primarily attributable to tax benefits from stock-based awards exercised or vested, tax credits, and fluctuations in nondeductible contingent consideration liabilities. These were partially offset by limitations on deductions of certain employees' compensation, fluctuations in valuation allowances on net deferred tax assets established for U.S. and certain foreign jurisdictions, and taxes in profitable jurisdictions.

15. RESTRUCTURING

On April 28, 2026, the Company announced its Board approved a global Value Creation Plan (the "Plan") with the intention to become a more AI-enabled company, focusing investments on key growth opportunities and driving operational efficiency to better align the Company's workforce and resources with its long-term strategic priorities. The Plan initially included a reduction in force of approximately 170 employees along with a significant reduction of third party spend across the Company, and is expected to continue to evolve as the Company evaluates additional actions to further align its cost structure and operations with its long-term strategic priorities. In connection with the Plan, the Company recognized pre-tax charges of $3,324 and $11,207 during the three and nine months ended September 30, 2026, respectively, which are included in the general and administrative expense line of the condensed consolidated statements of comprehensive income (loss). These charges consist primarily of cash expenditures related to employee severance, notice pay, statutory termination indemnities, and other employee separation benefits. The majority of the related cash payments are expected to be made during 2026. Any changes to the estimates or timing of the Plan will be reflected in the Company's results of operations in future periods.

Total liabilities related to the Plan are recorded in the accrued salaries and benefits line of the condensed consolidated balance sheet at September 30, 2026. The following table summarizes the Company's restructuring liability activities for the nine months ended September 30, 2026:

	Value Creation Plan
Balance, January 1, 2026	$ —
Initial provision [1]	6,170
Charges [1]	5,037
Payments	(7,764)
Balance, September 30, 2026	$ 3,443

[1] Included in the general and administrative expense line of the condensed consolidated statements of comprehensive income (loss).

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q, as well as our audited consolidated financial statements and related notes as disclosed in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on February 24, 2026 (the "2025 Annual Report"). In addition to historical financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, beliefs, and expectations that involve risks and uncertainties. Our actual results and the timing of events could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Quarterly Report on Form 10-Q, particularly in the section titled "Special Note Regarding Forward-Looking Statements" above, and in Part I, Item 1A of the 2025 Annual Report and as may be subsequently updated by our other SEC filings.

Overview

Vertex is the Decision-to-Defense™ global indirect tax and compliance company. Vertex helps enterprises bring control to indirect tax and compliance across the full transaction lifecycle — from tax determination and e-invoicing through reporting, filing, and audit defense — to make outcomes easier to prove and improve over time. Trusted by more than 60% of the Fortune 500, Vertex combines decades of tax expertise, deep global tax and compliance knowledge, and embedded integrations to help organizations operate globally with confidence. With headquarters in North America and offices in South America and Europe, Vertex's purpose is to ensure businesses and communities thrive through trusted transactions. Vertex employs approximately 2,000 professionals and serves companies across the globe.

Vertex provides cloud-based and on-premise solutions that can be tailored to specific industries for every major line of indirect tax, including sales and consumer use, value added (including e-invoicing), and payroll.

We derive the majority of our revenue from software subscriptions. These subscriptions include use of our software and ongoing monthly content updates. Our software is offered on a subscription basis to our customers, regardless of their deployment preferences. On-premise subscriptions and cloud-based subscriptions are typically sold through one- to three-year contracts. We bill the majority of our customers annually in advance of the subscription period.

Our customers include the majority of the Fortune 500, as well as a majority of the top 10 companies by revenue in multiple industries such as retail, technology, and manufacturing, in addition to leading marketplaces. Our customer base also includes many of Europe's largest companies in the industrial and chemical manufacturing, pharmaceutical, medical device and metals and mining industries. As our customers expand geographically and pursue omnichannel business models, their tax determination and compliance requirements increase and become more complex, providing sustainable organic growth opportunities for our business. Our flexible, tiered transaction-based pricing model also results in our customers growing their spend with us as they grow and continue to use our solutions. We principally price our solutions based on a customer's revenue base, in addition to a number of other factors.

We employ a hybrid deployment model to align to our customers' technology preferences for their core financial management software across on-premise, cloud deployments or any combination of these models. Over time, we expect both existing and newly acquired customers to continue to shift towards cloud deployment models. Cloud-based subscription sales to new customers have grown at a faster rate than on-premise software subscription sales, which is a trend that we expect to continue over time. We generated 61% and 56% of software subscription revenue from cloud-based subscriptions during the three months ended September 30, 2026 and 2025, respectively, and 59% and 55% for the nine months ended September 30, 2026 and 2025, respectively. While our on-premise software subscription revenue comprised 39% and 44% of our software subscription revenue during the three months ended September 30, 2026 and 2025, respectively, and 41% and 45% during the nine months ended September 30, 2026 and 2025, respectively, it continues to decrease as a percentage of total software subscriptions revenues as cloud-based subscriptions grow.

We license our solutions primarily through our direct sales force, which focuses on selling to qualified leads provided by our marketing efforts, and through our network of referral partners. We also utilize indirect sales to a lesser extent to efficiently grow and scale our enterprise and mid-market revenues.

Our partner ecosystem is a differentiating, competitive strength in both our software development and our sales and marketing activities. We integrate with key technology partners that span Enterprise Resource Planning ("ERP"), Customer Relationship Management, procurement, billing, Point of Sale and e-commerce. These partners include Adobe/Magento, Coupa, Kintsugi AI, Inc., Microsoft Dynamics, NetSuite, Oracle, Salesforce, SAP, SAP Ariba, Shopify, Workday and Zuora. We also collaborate with numerous accounting firms who have built implementation practices around our software to serve their customer base.

We believe that global commerce and the compliance environment provides durable and accelerating growth opportunities for our business. We generated revenue of $213.3 million and $192.1 million for the three months ended September 30, 2026 and 2025, respectively, and $613.9 million and $553.7 million for the nine months ended September 30, 2026 and 2025, respectively. We had net income (loss) of $(46.6) million and $4.0 million for the three months ended September 30, 2026 and 2025, respectively, and $(40.1) million and $14.2 million for the nine months ended September 30, 2026 and 2025, respectively. These amounts are presented in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP").

We define Adjusted EBITDA as net loss or income before interest, taxes, depreciation, and amortization, as adjusted to exclude charges for stock-based compensation expense, amortization of cloud computing arrangement implementation costs, severance expense, acquisition contingent consideration, changes in the fair value of acquisition contingent earn-outs, acquisition-related retained employee compensation, and transaction and other business transformation costs. Adjusted EBITDA was $64.8 million and $43.5 million for the three months ended September 30, 2026 and 2025, respectively, and $159.8 million and $119.1 million for the nine months ended September 30, 2026 and 2025, respectively. Adjusted EBITDA is a non-GAAP financial measure. Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Use and Reconciliation of Non-GAAP Financial Measures" for further discussion of key business metrics and non-GAAP financial measures and their comparison to GAAP financial measures.

We believe that we currently have ample liquidity and capital resources to continue to meet our operating needs, and our ability to continue to service our debt or other financial obligations is not currently impaired. For a further description of our liquidity, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

Recent Developments

Value Creation Plan

On April 28, 2026, we announced that our Board approved a global Value Creation Plan (the "Plan") with the intention to become a more AI-enabled company, focusing investments on key growth opportunities and driving operational efficiency to better align our workforce and resources with our long-term strategic priorities. The Plan initially included a reduction in force of approximately 170 employees along with a significant reduction of third party spend across the Company, and is expected to continue to evolve as we evaluate additional actions to further align our cost structure and operations with our long-term strategic priorities. In connection with the Plan, we recognized pre-tax charges of $3.3 million and $11.2 million in the three and nine months ended September 30, 2026, respectively. These charges consist primarily of cash expenditures related to employee severance, notice pay, statutory termination indemnities, and other employee separation benefits. The majority of the related cash payments are expected to be made during 2026. Any changes to our estimates or timing of the Plan will be reflected in our results of operations in future periods. For further information, refer to Note 15, "Restructuring" to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Components of Our Results of Operations

Revenue

We generate revenue from software subscriptions and services.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to be received in exchange for those products or services. We enter into contracts that include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Revenue is recognized net of allowance for subscription and non-renewal cancellations and any taxes collected from customers that are subsequently remitted to governmental authorities.

Software Subscriptions

Licenses for on-premise software subscriptions provide the customer with a right to use the software as it exists when made available to the customer. Customers purchase a subscription to these licenses, which includes the related software and tax content updates and product support. The updates and support, which are part of the subscription agreement, are essential to the continued utility of the software; therefore, we have determined the software and the related updates and support to be a single performance obligation. Accordingly, when on-premise software is licensed, the revenue associated with this combined performance obligation is recognized ratably over the license term as these subscriptions are provided for the duration of the license term. Revenue recognition begins on the later of the beginning of the subscription period or the date the software is made available to the customer to download.

Our cloud-based subscriptions allow customers to use Vertex-hosted software over the contract period without taking possession of the software. The contracts are generally for one to three years and are generally billed annually in advance of the subscription period. Our cloud-based offerings also include related updates and support. Revenue recognition begins on the later of the beginning of the subscription period or the date the customer is provided access to the cloud-based solutions. All services within the cloud-based contracts consistently provide a benefit to the customer during the subscription period; thus, the associated revenue is recognized ratably over the subscription period.

Revenue is impacted by the timing of sales and our customers' growth or contractions resulting in their need to expand or contract their subscription usage, the purchase of new solutions, or the non-renewal of existing solutions. In addition, revenue will fluctuate with the cessation of extended product support fees charged for older versions of our software subscription solutions when they are retired and these fees are no longer charged. Contracts for on-premise licenses permit cancellations at the end of the license term. Legacy cloud-based subscription contracts for multi-year periods previously provided customers the right to terminate their contract for services prior to the end of the subscription period at a significant penalty. This penalty requires the payment of a percentage of the remaining months of the then-current contract term. Current cloud-based contracts do not contain such termination rights. Terminations of cloud-based subscriptions prior to the end of the subscription term have occurred infrequently, and the impact has been immaterial. The allowance for subscription and non-renewal cancellations reflects an estimate of the amount of such cancellations and non-renewals based on past experience, current information, and forward-looking economic considerations.

Services Revenue

We generate services revenue primarily in support of our customers' needs associated with our software and to enable them to realize the full benefit of our solutions. These software subscription-related services include configuration, data migration and implementation, and premium support and training. In addition, we generate services revenue through our managed services offering which allows customers to outsource all or a portion of their indirect tax operations to us. These services include indirect tax return preparation, filing and tax payment, and notice management. We generally bill for services on a per-transaction or time and materials basis, and we recognize revenue from deliverable-based professional services as services are performed.

Fluctuations in services revenue are directly correlated to fluctuations in our subscription revenues with respect to implementation and training services as we have historically experienced an attachment rate to subscription sales for these

services of approximately 60%. In addition, our managed services offering has continued to experience increased revenues associated with returns processing volume increases attributable to regulatory changes, as customers expanded their tax filings into more jurisdictions.

Cost of Revenue

Software Subscriptions

Cost of software subscriptions revenue consists of costs related to providing and supporting our software subscriptions and includes personnel and related expenses, including salaries, benefits, bonuses, and stock-based compensation. In addition, cost of revenue includes direct costs associated with information technology, such as data center and software hosting costs, and tax content maintenance. Cost of software subscriptions revenue also includes amortization associated with capitalized internal-use software for cloud-based subscription solutions and software developed for sale for new products and enhancements to existing products, and costs associated with the amortization of certain acquired intangible assets. We plan to continue to significantly expand our infrastructure and personnel to support our future growth and increases in transaction volumes of our cloud-based solutions, including through acquisitions. We expect growth in our business will result in an increase in cost of software subscriptions revenue in absolute dollars.

Services

Cost of services revenue consists of direct costs of software subscription-related services and our managed services offering. These costs include personnel and related expenses, including salaries, benefits, bonuses, stock-based compensation, and the cost of third-party contractors and other direct expenses. We plan to continue to expand our infrastructure and personnel as necessary to support our future growth in our managed service offerings and related increases in our service revenue. We expect growth in our business will result in an increase in the cost of services revenue in absolute dollars.

Research and Development

Research and development expenses consist primarily of personnel and related expenses for our research and development activities, including salaries, benefits, bonuses and stock-based compensation, and the cost of third-party developers and other contractors. Research and development costs, other than software development expenses qualifying for capitalization, are expensed as incurred.

We devote substantial resources to developing new products and enhancing existing products, conducting quality assurance testing, improving our core technology, and integrating acquired technology with our products. We believe continued investments in research and development are critical to attain our strategic objectives and expect research and development costs to increase in absolute dollars. These investments include enhancing our solution offerings to address changing customer needs to support their growth, as well as implementing changes required to keep pace with our partners' technology to ensure the continued ability of our solutions to work together and deliver value to our customers. The market for our solutions is characterized by rapid technological change, frequent new product and service introductions and enhancements, changing customer demands, and evolving industry standards. As a result, although we are making significant research and development expenditures, certain of which may be capitalized, there is no guarantee these solutions will be accepted by the market. This could result in increased costs or an impairment of capitalized development costs with no resulting future revenue benefit.

Selling and Marketing Expenses

Selling and marketing expenses consist primarily of personnel and related expenses in support of sales and marketing efforts. These costs include salaries, benefits, bonuses and stock-based compensation. In addition, selling and marketing expenses include costs related to advertising and promotion efforts, branding costs, partner-based commissions, costs associated with our annual customer conferences and amortization of certain acquired intangible assets. We intend to continue to invest in our sales and marketing capabilities in the future to continue to increase our brand awareness and expect these costs to increase on an absolute dollar basis as we grow our business and continue to expand our market and

partner ecosystem penetration. Sales and marketing expense in absolute dollars and as a percentage of total revenue may fluctuate from period-to-period based on total revenue levels and the timing of our investments in our sales and marketing functions, as these investments will occur in advance of experiencing the benefits from such investments and may vary in scope and scale over future periods.

General and Administrative

General and administrative expenses consist primarily of personnel and related expenses for administrative, finance, information technology, legal, risk management, facilities, and human resources staffing, including salaries, benefits, bonuses, severance, stock-based compensation, professional fees, insurance premiums, facility costs, amortization of cloud computing arrangement implementation costs, and other internal support and infrastructure costs. The three and nine months ended September 30, 2026 periods include severance and other costs related to the Plan. For further information, refer to Note 15, "Restructuring" to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. Additionally, the three and nine months ended September 30, 2026 periods include compensation expense recognized related to the Additional Cash Consideration (as defined in the notes to the condensed consolidated financial statements) to the obligation associated with the acquisition of Brinta. For further information, refer to Note 3, "Acquisitions" to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

We expect our general and administrative expenses to increase in absolute dollars as we continue to expand our operations, hire additional personnel, and integrate current and future acquisitions.

Depreciation and Amortization

Depreciation and amortization expense consists of the allocation of purchased and developed asset costs over the future periods benefited by the use of these assets. These assets include leasehold improvements for our facilities, computers and equipment needed to support our customers and our internal infrastructure and capitalized internal-use software associated with our internal tools. Depreciation and amortization will fluctuate in correlation with our ongoing investment in internal infrastructure costs to support our growth.

Change in Fair Value of Acquisition Contingent Earn-Outs

The change in fair value of acquisition contingent earn-outs consists of fair value adjustments to our Cash Earn-outs (as defined in Note 4 to the condensed consolidated financial statements) and Stock Earn-outs (as defined in Note 4 to the condensed consolidated financial statements) (collectively with the Cash Earn-outs, the "Earn-outs") related to our 2024 acquisition of ecosio GmbH ("ecosio"). The Earn-outs will be revalued and adjusted quarterly until the end of the Earn-out periods.

Other Operating Expense (Income), net

Other operating expense (income), net consists primarily of transactions costs associated with merger and acquisition activities, periodic remeasurement of contingent consideration associated with completed acquisitions, realized gains and losses on foreign currency changes, and other operating gains and losses. These amounts will fluctuate as a result of ongoing merger and acquisition activities and for changes in foreign currency rates.

Interest Expense (Income), net

Interest expense (income), net reflects the net amount of our interest expense and interest income within the same period.

Interest expense consists primarily of interest incurred related to the Notes (as defined below), a Credit Agreement (as defined below), and leases. Interest expense includes amortization of deferred financing fees over the term of the credit facility or write-downs of such costs upon redemption of debt. Interest expense will vary as a result of fluctuations in the level of debt outstanding as well as interest rates on such debt.

Interest income reflects earnings on investments of our cash on hand and our investment securities. Interest income will vary as a result of fluctuations in the future level of funds available for investment and the rate of return available in the market on such funds. Interest income also includes interest earned from our Note Receivable (as defined in Note 4, “Financial Instruments and Fair Value Measurements” to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Income Tax Expense (Benefit)

Income tax expense (benefit) consists primarily of federal, foreign, state, and local taxes on our loss or income. In determining our annualized effective income tax rates, net deferred tax assets, valuation allowances, and cash paid for income taxes, we are required to make judgments and estimates about domestic and foreign profitability, the timing and usage of net operating loss and credit carryforwards, applicable tax rates, and transfer pricing methodologies. Judgments and estimates related to our projections and assumptions are inherently uncertain; therefore, actual results could materially differ from our projections.

Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q, and our consolidated financial statements and the notes thereto included in our 2025 Annual Report. The period-to-period comparison of financial results is not necessarily indicative of financial results to be achieved in future periods. The following table sets forth our condensed consolidated statements of comprehensive income (loss) for the periods indicated.

	For the three months ended September 30,				For the nine months ended September 30,			
(Dollars in thousands)	2026	2025	Period-Over-Period Change		2026	2025	Period-Over-Period Change	
Revenues:								
Software subscriptions	$ 181,677	$ 164,824	$ 16,853	10.2 %	$ 523,576	$ 473,429	$ 50,147	10.6 %
Services	31,598	27,288	4,310	15.8 %	90,315	80,304	10,011	12.5 %
Total revenues	213,275	192,112	21,163	11.0 %	613,891	553,733	60,158	10.9 %
Cost of revenues:								
Software subscriptions (1)	52,418	50,034	2,384	4.8 %	155,764	138,738	17,026	12.3 %
Services (1)	20,648	20,762	(114)	(0.5)%	61,749	59,485	2,264	3.8 %
Total cost of revenues	73,066	70,796	2,270	3.2 %	217,513	198,223	19,290	9.7 %
Gross profit	140,209	121,316	18,893	15.6 %	396,378	355,510	40,868	11.5 %
Operating expenses:								
Research and development (1)	24,680	19,929	4,751	23.8 %	74,035	61,397	12,638	20.6 %
Selling and marketing (1)	49,651	47,385	2,266	4.8 %	154,185	143,994	10,191	7.1 %
General and administrative (1)	51,668	44,609	7,059	15.8 %	157,149	133,029	24,120	18.1 %
Depreciation and amortization	7,479	6,372	1,107	17.4 %	20,641	18,439	2,202	11.9 %
Change in fair value of acquisition contingent earn-outs	2,800	(4,000)	6,800	(170.0)%	(3,038)	(16,400)	13,362	(81.5)%
Other operating expense, net	3,617	2,701	916	33.9 %	8,141	10,109	(1,968)	(19.5)%
Total operating expenses	139,895	116,996	22,899	19.6 %	411,113	350,568	60,545	17.3 %
Income (loss) from operations	314	4,320	(4,006)	(92.7)%	(14,735)	4,942	(19,677)	(398.2)%
Interest income, net	(342)	(1,245)	903	(72.5)%	(1,643)	(4,012)	2,369	(59.0)%
Income (loss) before income taxes	656	5,565	(4,909)	(88.2)%	(13,092)	8,954	(22,046)	(246.2)%
Income tax expense (benefit)	47,289	1,520	45,769	3,011.1 %	27,008	(5,260)	32,268	(613.5)%
Net income (loss)	(46,633)	4,045	(50,678)	(1,252.9)%	(40,100)	14,214	(54,314)	(382.1)%
Other comprehensive (income) loss:								
Foreign currency translation adjustments, net of tax	2,015	(286)	2,301	(804.5)%	11,202	(45,125)	56,327	(124.8)%
Unrealized loss on investments, net of tax	—	—	—	— %	—	9	(9)	(100.0)%
Total other comprehensive (income) loss, net of tax	2,015	(286)	2,301	(804.5)%	11,202	(45,116)	56,318	(124.8)%
Total comprehensive income (loss)	$ (48,648)	$ 4,331	$ (52,979)	(1,223.3)%	$ (51,302)	$ 59,330	$ (110,632)	(186.5)%

(1) Includes stock-based compensation expenses as follows in the table below.

(Dollars in thousands)	For the three months ended September 30, 2026	2025	For the nine months ended September 30, 2026	2025
	(unaudited)		(unaudited)	
Stock-based compensation expense:				
Cost of revenues, software subscriptions	$ 1,214	$ 1,218	$ 4,042	$ 4,678
Cost of revenues, services	958	1,341	3,563	4,061
Research and development	2,685	3,163	8,991	10,027
Selling and marketing	4,994	3,391	14,634	12,432
General and administrative	5,530	4,102	16,421	15,051
Total stock-based compensation expense	$ 15,381	$ 13,215	$ 47,651	$ 46,249

The following table sets forth our results of operations as a percentage of our total revenues for the periods presented.

	For the three months ended September 30, 2026	2025	For the nine months ended September 30, 2026	2025
Revenues:				
Software subscriptions	85.2 %	85.8 %	85.3 %	85.5 %
Services	14.8 %	14.2 %	14.7 %	14.5 %
Total revenues	100.0 %	100.0 %	100.0 %	100.0 %
Cost of revenues:				
Software subscriptions	24.6 %	26.0 %	25.4 %	25.1 %
Services	9.7 %	10.8 %	10.1 %	10.7 %
Total cost of revenues	34.3 %	36.8 %	35.5 %	35.8 %
Gross profit	65.7 %	63.2 %	64.5 %	64.2 %
Operating expenses:				
Research and development	11.6 %	10.4 %	12.1 %	11.1 %
Selling and marketing	23.3 %	24.7 %	25.1 %	26.0 %
General and administrative	24.2 %	23.2 %	25.6 %	24.0 %
Depreciation and amortization	3.5 %	3.3 %	3.4 %	3.3 %
Change in fair value of acquisition contingent earn-outs	1.3 %	(2.1)%	(0.5)%	(3.0)%
Other operating expense, net	1.7 %	1.4 %	1.3 %	1.8 %
Total operating expenses	65.6 %	60.9 %	67.0 %	63.2 %
Income (loss) from operations	0.1 %	2.3 %	(2.5)%	1.0 %
Interest income, net	(0.2)%	(0.6)%	(0.3)%	(0.7)%
Income (loss) before income taxes	0.3 %	2.9 %	(2.2)%	1.7 %
Income tax expense (benefit)	22.2 %	0.8 %	4.4 %	(0.9)%
Net income (loss)	(21.9)%	2.1 %	(6.6)%	2.6 %
Other comprehensive (income) loss:				
Foreign currency translation adjustments, net of tax	0.9 %	(0.1)%	1.8 %	(8.1)%
Unrealized loss on investments, net of tax	— %	— %	— %	— %
Total other comprehensive (income) loss, net of tax	0.9 %	(0.1)%	1.8 %	(8.1)%
Total comprehensive income (loss)	(22.8)%	2.2 %	(8.4)%	10.7 %

Three Months Ended September 30, 2026 Compared to Three Months Ended September 30, 2025

Revenues

(Dollars in thousands)	For the three months ended September 30, 2026	2025	Period-Over-Period Change	
Revenues:				
Software subscriptions	$ 181,677	$ 164,824	$ 16,853	10.2 %
Services	31,598	27,288	4,310	15.8 %
Total revenues	$ 213,275	$ 192,112	$ 21,163	11.0 %

Revenues increased $21.2 million, or 11.0%, to $213.3 million for the three months ended September 30, 2026 compared to $192.1 million for the same period in 2025. The increase in software subscriptions revenues of $16.9 million, or 10.2%, was primarily driven by increases from our existing customers through cross-selling new products, and to a lesser extent, increases due to expanded use and price increases. Software subscriptions revenues derived from new customers averaged 6.3% and 5.9% of total software subscriptions revenues in the three months ended September 30, 2026 and 2025, respectively.

The $4.3 million increase in services revenues was primarily driven by a $2.1 million increase in recurring services revenues due to returns processing volume increases related to customer business growth and regulatory changes as customers expanded their tax filings into more jurisdictions, as well as an increase in interest received from our funds held for customers. Additionally, our managed services offering experienced a $2.3 million increase in service revenues associated with the growth in subscription revenues, which includes new customers implementing our solutions and existing customers upgrading to newer versions of our solutions.

Cost of Software Subscriptions Revenues

(Dollars in thousands)	For the three months ended September 30, 2026	2025	Period-Over-Period Change	
Cost of software subscriptions revenues	$ 52,418	$ 50,034	$ 2,384	4.8 %

Cost of software subscriptions revenues increased $2.4 million, or 4.8%, to $52.4 million for the three months ended September 30, 2026 compared to $50.0 million for the same period in 2025. The increase was primarily driven by a $5.0 million increase in depreciation and amortization of capitalized software and acquired intangible assets associated with our ongoing investments in internal-use software for cloud-based subscription solutions, software developed for sale for new products and enhancements to existing products, and costs associated with the increased amortization of acquired intangible assets. This increase was partially offset by a $2.6 million decrease in costs of personnel due to our Value Creation Plan.

Cost of Services Revenues

(Dollars in thousands)	For the three months ended September 30, 2026	2025	Period-Over-Period Change	
Cost of services revenues	$ 20,648	$ 20,762	$ (114)	(0.5)%

Cost of services revenues decreased $0.1 million, or 0.5%, to $20.6 million for the three months ended September 30, 2026, compared to $20.8 million for the same period in 2025. The decrease was primarily due to lower costs of service delivery personnel due to our Value Creation Plan.

Research and Development

(Dollars in thousands)	For the three months ended September 30, 2026	2025	Period-Over-Period Change	
Research and development	$ 24,680	$ 19,929	$ 4,751	23.8 %

Research and development expenses increased $4.8 million, or 23.8%, to $24.7 million for the three months ended September 30, 2026 compared to $19.9 million for the same period in 2025. This increase in research and development expenses was primarily due to an increase in personnel costs related to development work associated with new solutions to address end-to-end data analysis and compliance needs of our customers, and continued expansion of connectors and application program interfaces to customer ERP and other software platforms. Additionally, this increase reflects additional research and development investments related to the commercialization of our AI-based Smart Categorization product, other AI-related internal tools and new product initiatives, and other emerging technologies.

Selling and Marketing

(Dollars in thousands)	For the three months ended September 30, 2026	2025	Period-Over-Period Change	
Selling and marketing	$ 49,651	$ 47,385	$ 2,266	4.8 %

Selling and marketing expenses increased $2.3 million, or 4.8%, to $49.7 million for the three months ended September 30, 2026 compared to $47.4 million for the same period in 2025. This increase was primarily driven by a $1.6 million increase in payroll and related expenses associated with the growth in period-over-period subscription sales and services revenues and expansion of our partner and channel management programs. Advertising and promotional spending related to expanded brand awareness efforts increased by $0.6 million as compared to prior year.

General and Administrative

(Dollars in thousands)	For the three months ended September 30, 2026	2025	Period-Over-Period Change	
General and administrative	$ 51,668	$ 44,609	$ 7,059	15.8 %

General and administrative expenses increased $7.1 million, or 15.8%, to $51.7 million for the three months ended September 30, 2026 compared to $44.6 million for the same period in 2025, primarily driven by planned strategic investments in information technology infrastructure, business process re-engineering and other initiatives to drive future operating leverage, as well as investments in employees, systems and other resources in support of our growth. Additionally, $3.3 million of severance expense and $5.6 million of execution costs related to our Value Creation Plan were recorded in the three months ended September 30, 2026. For further information, refer to Note 15, “Restructuring” to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. The three months ended September 30, 2026 period also includes $1.3 million in compensation expense recognized related to the Additional Cash Consideration obligation associated with the acquisition of Brinta. For further information, refer to Note 3, “Acquisitions” to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Depreciation and Amortization

(Dollars in thousands)	For the three months ended September 30, 2026	2025	Period-Over-Period Change	
Depreciation and amortization	$ 7,479	$ 6,372	$ 1,107	17.4 %

Depreciation and amortization expenses increased $1.1 million, or 17.4%, to $7.5 million for the three months ended September 30, 2026 compared to $6.4 million for the same period in 2025. The increase was primarily due to the impact of infrastructure and technology purchases and other capitalized costs to support our growth.

Change in Fair Value of Acquisition Contingent Earn-outs

(Dollars in thousands)	For the three months ended September 30, 2026	2025	Period-Over-Period Change	
Change in fair value of acquisition contingent earn-outs	$ 2,800	$ (4,000)	$ 6,800	170.0 %

Change in fair value of acquisition contingent earn-outs was $2.8 million for the three months ended September 30, 2026 due to adjustments to the fair values of our ecosio acquisition contingent Cash Earn-outs and Stock Earn-outs of $2.5 million and $0.3 million, respectively. Change in fair value of acquisition contingent earn-outs was $(4.0) million for the three months ended September 30, 2025 due to adjustments to the fair values of our ecosio acquisition contingent Cash Earn-outs and Stock Earn-outs of $5.1 million and $(9.1) million, respectively. For further information, refer to Note 4, “Financial Instruments and Fair Value Measurements” to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Other Operating Expense, Net

(Dollars in thousands)	For the three months ended September 30, 2026	2025	Period-Over-Period Change	
Other operating expense, net	$ 3,617	$ 2,701	$ 916	33.9 %

Other operating expense, net was $3.6 million for the three months ended September 30, 2026 compared to $2.7 million for the same period in 2025. Legal costs associated with a legal claim were $2.6 million and $2.8 million for the three months ended September 30, 2026 and 2025, respectively. For further information, refer to Note 12, “Commitments and Contingencies” to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. Additionally, $0.9 million of costs associated with strategic transaction activities were recognized during the three months ended September 30, 2026. Foreign currency transaction losses were $0.1 million for the three months ended September 30, 2026, compared to gains of $0.1 million for the three months ended September 30, 2025.

Interest Income, Net

(Dollars in thousands)	For the three months ended September 30, 2026	2025	Period-Over-Period Change	
Interest income, net	$ (342)	$ (1,245)	$ 903	(72.5)%

Interest income, net was $0.3 million for the three months ended September 30, 2026 compared to $1.2 million for the same period in 2025. This change was mainly due to a $0.9 million decrease in interest income, driven by lower dollars invested and lower interest rates during the period.

Income Tax Expense

(Dollars in thousands)	For the three months ended September 30, 2026	2025	Period-Over-Period Change	
Income tax expense	$ 47,289	$ 1,520	$ 45,769	3,011.1 %

Income tax expense was $47.3 million and $1.5 million for the three months ended September 30, 2026 and 2025, respectively. The period-over-period change was primarily driven by increased tax expense from fluctuations in forecasted pre-tax income and losses impacting the estimated annual effective tax rate applied to the pre-tax income for each period, valuation allowances on net deferred tax assets established for U.S. and certain foreign jurisdictions, reserves, and limitations on deductions of certain employees' compensation under Internal Revenue Code Section 162(m), partially offset by fluctuations in tax credits.

Nine Months Ended September 30, 2026 Compared to the Nine Months Ended September 30, 2025

Revenues

(Dollars in thousands)	For the nine months ended September 30, 2026	2025	Year-Over-Year Change	
Revenues:				
Software subscriptions	$ 523,576	$ 473,429	$ 50,147	10.6 %
Services	90,315	80,304	10,011	12.5 %
Total revenues	$ 613,891	$ 553,733	$ 60,158	10.9 %

Revenues increased $60.2 million, or 10.9%, to $613.9 million for the nine months ended September 30, 2026 compared to $553.7 million for the same period in 2025. The increase in software subscriptions revenues of $50.1 million, or 10.6%, was primarily driven by increases from our existing customers through cross-selling new products, and to a lesser extent, increases due to expanded use and price increases. Software subscriptions revenues derived from new customers averaged 6.1% and 7.4% of total software subscriptions revenues in the nine months ended September 30, 2026 and 2025, respectively.

The $10.0 million increase in services revenues was primarily driven by a $5.4 million increase in recurring services revenues due to returns processing volume increases related to customer business growth and regulatory changes as customers expanded their tax filings into more jurisdictions, as well as an increase in interest received from our funds held for customers. Additionally, our managed services offering experienced a $4.7 million increase in service revenues associated with the growth in subscription revenues, which includes new customers implementing our solutions and existing customers upgrading to newer versions of our solutions.

Cost of Software Subscriptions Revenues

(Dollars in thousands)	For the nine months ended September 30, 2026	2025	Year-Over-Year Change	
Cost of software subscriptions revenues	$ 155,764	$ 138,738	$ 17,026	12.3 %

Cost of software subscriptions revenues increased $17.0 million, or 12.3%, to $155.8 million for the nine months ended September 30, 2026 compared to $138.7 million for the same period in 2025. The increase was primarily driven by a $14.4 million increase in depreciation and amortization of capitalized software and acquired intangible assets associated with our ongoing investments in internal-use software for cloud-based subscription solutions, software developed for sale for new products and enhancements to existing products, and costs associated with the increased amortization of acquired intangible assets. Additionally, there was a $2.6 million increase in costs of personnel supporting period-over-period growth of sales and customers, ongoing infrastructure investments and support costs to enable the continued expansion of customer transaction volumes for our cloud-based subscription customers.

Cost of Services Revenues

(Dollars in thousands)	For the nine months ended September 30, 2026	2025	Year-Over-Year Change	
Cost of services revenues	$ 61,749	$ 59,485	$ 2,264	3.8 %

Cost of services revenues increased $2.3 million, or 3.8%, to $61.7 million for the nine months ended September 30, 2026, compared to $59.5 million for the same period in 2025. The increase was primarily due to an increase in costs of service delivery personnel to support revenue growth in software subscription-related services and our managed services offering.

Research and Development

(Dollars in thousands)	For the nine months ended September 30, 2026	2025	Year-Over-Year Change	
Research and development	$ 74,035	$ 61,397	$ 12,638	20.6 %

Research and development expenses increased $12.6 million, or 20.6%, to $74.0 million for the nine months ended September 30, 2026 compared to $61.4 million for the same period in 2025. This increase in research and development expenses was primarily due to an increase in personnel costs related to development work associated with new solutions to address end-to-end data analysis and compliance needs of our customers, and continued expansion of connectors and application program interfaces to customer ERP and other software platforms. Additionally, this increase reflects additional research and development investments related to the commercialization of our AI-based Smart Categorization product, other AI-related internal tools and new product initiatives, and other emerging technologies.

Selling and Marketing

(Dollars in thousands)	For the nine months ended September 30, 2026	2025	Year-Over-Year Change	
Selling and marketing	$ 154,185	$ 143,994	$ 10,191	7.1 %

Selling and marketing expenses increased $10.2 million, or 7.1%, to $154.2 million for the nine months ended September 30, 2026 compared to $144.0 million for the same period in 2025. This increase was primarily driven by an $8.0 million increase in payroll and related expenses associated with the growth in period-over-period subscription sales and services revenues and expansion of our partner and channel management programs. Additionally, there was an increase of $2.2 million in advertising and promotional spending related to expanded brand awareness efforts.

General and Administrative

(Dollars in thousands)	For the nine months ended September 30, 2026	2025	Year-Over-Year Change	
General and administrative	$ 157,149	$ 133,029	$ 24,120	18.1 %

General and administrative expenses increased $24.1 million, or 18.1%, to $157.1 million for the nine months ended September 30, 2026 compared to $133.0 million for the same period in 2025, primarily driven by planned strategic investments in information technology infrastructure, business process re-engineering and other initiatives to drive future operating leverage, as well as investments in employees, systems and other resources in support of our growth. Additionally, $11.2 million of severance expense and $14.4 million of execution costs related to our Value Creation Plan were recorded in the nine months ended September 30, 2026. For further information, refer to Note 15, “Restructuring” to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. The nine months ended September 30, 2026 period also includes $2.9 million in compensation expense recognized related to the Additional Cash Consideration obligation associated with the acquisition of Brinta. For further information, refer to Note 3, “Acquisitions” to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Depreciation and Amortization

(Dollars in thousands)	For the nine months ended September 30, 2026	2025	Year-Over-Year Change	
Depreciation and amortization	$ 20,641	$ 18,439	$ 2,202	11.9 %

Depreciation and amortization expenses increased $2.2 million, or 11.9%, to $20.6 million for the nine months ended September 30, 2026 compared to $18.4 million for the same period in 2025. The increase was primarily due to the impact of infrastructure and technology purchases and other capitalized costs to support our growth.

Change in Fair Value of Acquisition Contingent Earn-outs

(Dollars in thousands)	For the nine months ended September 30, 2026	2025	Year-Over-Year Change	
Change in fair value of acquisition contingent earn-outs	$ (3,038)	$ (16,400)	$ 13,362	(81.5)%

Change in fair value of acquisition contingent earn-outs was $(3.0) million for the nine months ended September 30, 2026 due to adjustments to the fair value of our ecosio acquisition contingent Cash Earn-outs and Stock Earn-outs of $2.5 million and $(5.5) million, respectively. Change in fair value of acquisition contingent earn-outs was $(16.4) million for the nine months ended September 30, 2025 due to adjustments to the fair values of our ecosio acquisition contingent Cash Earn-outs and Stock Earn-outs of $8.6 million and $(25.0) million, respectively. For further information, refer to Note 4, “Financial Instruments and Fair Value Measurements” to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Other Operating Expense, Net

(Dollars in thousands)	For the nine months ended September 30, 2026	2025	Year-Over-Year Change	
Other operating expense, net	$ 8,141	$ 10,109	$ (1,968)	(19.5)%

Other operating expense, net was $8.1 million for the nine months ended September 30, 2026 compared to $10.1 million for the same period in 2025. Legal costs associated with a legal claim were $6.4 million and $8.1 million for the nine months ended September 30, 2026 and 2025, respectively. For further information, refer to Note 12, “Commitments and Contingencies” to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. Additionally, $1.6 million of costs associated with strategic transaction activities were recognized during the nine months ended September 30, 2026. Foreign currency transaction losses were $0.1 million and $1.5 million for the nine months ended September 30, 2026 and 2025, respectively.

Interest Income, Net

(Dollars in thousands)	For the nine months ended September 30, 2026	2025	Year-Over-Year Change	
Interest income, net	$ (1,643)	$ (4,012)	$ 2,369	(59.0)%

Interest income, net was $1.6 million for the nine months ended September 30, 2026 compared to $4.0 million for the same period in 2025. This change was mainly due to a $2.4 million decrease in interest income driven by lower dollars invested and lower interest rates during the period, partially offset by a $0.1 million decrease in interest expense.

Income Tax Expense (Benefit)

(Dollars in thousands)	For the nine months ended September 30, 2026	2025	Year-Over-Year Change	
Income tax expense (benefit)	$ 27,008	$ (5,260)	$ 32,268	(613.5)%

Income tax expense (benefit) was $27.0 million and $(5.3) million for the nine months ended September 30, 2026 and 2025, respectively. The year-over-year change was primarily driven by increased tax expense from the impact of fluctuations in forecasted pre-tax income and losses on the estimated annual effective tax rate applied to pre-tax loss for the nine months ended September 30, 2026 compared to pre-tax income for the nine months ended September 30, 2025. This change was also due to stock-based awards exercised or vested net of limitations on deductions of certain employees' compensation under Internal Revenue Code Section 162(m), and fluctuations in valuation allowances on net deferred tax assets established for U.S. and certain foreign jurisdictions.

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Liquidity and Capital Resources

As of September 30, 2026, we had unrestricted cash and cash equivalents of $217.8 million. Our primary sources of capital include sales of our solutions, proceeds from bank lending facilities, and the offering of existing or future classes of stock.

As of September 30, 2026, we had a credit agreement with a banking syndicate (the "Credit Agreement") that provides a $300.0 million revolving facility (the "Line of Credit"). There were no outstanding borrowings under the Credit Agreement at September 30, 2026.

On April 26, 2024, we closed a private offering of $345.0 million aggregate principal amount of 0.750% Convertible Senior Notes due in 2029 (the "Notes"). The net proceeds from the offering of the Notes were $333.7 million, after deducting the initial purchasers' discount and commissions, and other transaction and offering expenses. For further information on the Notes, refer to our 2025 Annual Report on Form 10-K.

We believe that our existing cash resources and our Line of Credit will be sufficient to meet our capital requirements and fund our operations for the next 12 months as well as our longer-term liquidity needs. If an early conversion notice occurs on our Notes, we have the option to pay cash, shares of our Class A common stock, or a combination of both. Also, we expect to have access to additional sources of funds in the capital markets, and we may, from time to time, seek additional capital through a combination of additional debt and/or equity financings. If we were to raise additional funds by issuing equity securities, our stockholders may experience dilution. Debt financing, if available, may involve covenants restricting our operations or our ability to incur additional debt. Any debt financing or additional equity that we raise may contain terms that are not favorable to us or our stockholders. Additional financing may not be available at all, or in amounts or on terms unacceptable to us.

The following table presents a summary of our cash flows for the periods indicated:

(Dollars in thousands)	For the nine months ended September 30, 2026	2025	Year-Over-Year Change	
Net cash provided by operating activities	$ 122,165	$ 123,275	$ (1,110)	(0.9)%
Net cash used in investing activities	(118,646)	(91,577)	(27,069)	(29.6)%
Net cash used in financing activities	(90,081)	(22,242)	(67,839)	(305.0)%
Effect of foreign exchange rate changes	(503)	3,271	(3,774)	(115.4)%
Net increase (decrease) in cash, cash equivalents and restricted cash	$ (87,065)	$ 12,727	$ (99,792)	784.1 %

Operating Activities. Net cash provided by operating activities of $122.2 million for the nine months ended September 30, 2026 consisted of net loss of $40.1 million, adjusted for non-cash charges of $129.2 million, and cash inflows of $33.0

million related to changes in operating assets and liabilities. The change in operating assets and liabilities was primarily driven by an increase in prepaid expenses and other current assets, accrued and deferred compensation, and accrued expenses, and decreases in accounts payable and in deferred revenue, due to the timing of cash payments and billings during the period. These changes were partially offset by a decrease in accounts receivable due to the timing of cash collections during the period.

Net cash provided by operating activities of $123.3 million for the nine months ended September 30, 2025 consisted of net income of $14.2 million, adjusted for non-cash charges of $104.6 million, and cash inflows of $4.6 million related to changes in operating assets and liabilities, which were partially offset by $0.2 million in payments for purchase commitment and contingent consideration liabilities in excess of their initial fair value. The change in operating assets and liabilities was primarily driven by a decrease in accounts receivable due to the timing of cash collections during the period. This change was partially offset by an increase in prepaid expenses and other current assets, a decrease in accrued and deferred compensation and a decrease in deferred revenue.

Investing Activities. Net cash used in investing activities of $118.6 million for the nine months ended September 30, 2026 consisted of investments in property and equipment, and capitalized software of $70.6 million and $16.0 million, respectively, related to investments in infrastructure, new products, and enhancements to existing products. During the nine months ended September 30, 2026, we paid $22.1 million for our acquisition of Brinta, and we issued a $10.0 million Note Receivable to Kintsugi. For further information on the acquisition, refer to Note 3, “Acquisitions”, and for further information on the Note Receivable, refer to Note 4, “Financial Instruments and Fair Value Measurements” to the condensed consolidated financial statements.

Net cash used in investing activities of $91.6 million for the nine months ended September 30, 2025 consisted of investments in property and equipment, and capitalized software of $69.3 million and $16.4 million, respectively, related to investments in infrastructure, new products, and enhancements to existing products. During the second quarter of 2025, we invested $15.0 million in the Kintsugi Investment. Additionally, we invested $2.4 million in available-for-sale investment securities, which was more than offset by proceeds of $11.6 million received during the period for sales and maturities in our investment securities. For further information on the Kintsugi Investment, refer to Note 4, “Financial Instruments and Fair Value Measurements” to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Financing Activities. Net cash used in financing activities of $90.1 million for the nine months ended September 30, 2026 consisted of $73.7 million (including commissions) in payments for the repurchases of our Class A common stock under our Repurchase Program, $19.6 million in payments related to our ecosio Cash Earn-out, and $8.3 million in payments for taxes related to the net share settlement of stock-based awards. These uses of cash were partially offset by a $9.2 million increase in customer funds obligations, primarily due to timing differences between receipt of funds from customers and taxing jurisdiction withdrawals of these funds, $1.8 million in proceeds from the purchase of stock under our employee stock purchase plan (“ESPP”) and $0.4 million in proceeds from the exercise of stock options. For further information on the Cash Earn-outs, refer to Note 4, “Financial Instruments and Fair Value Measurements” to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Net cash used in financing activities of $22.2 million for the nine months ended September 30, 2025 consisted of $27.2 million in payments for taxes related to the net share settlement of stock-based awards as well as a $4.5 million decrease in customer funds obligations, primarily due to timing differences between receipt of funds from customers and taxing jurisdiction withdrawals of these funds, partially offset by $7.7 million in proceeds from the exercise of stock options and $1.8 million in proceeds from the purchase of stock under our ESPP.

Debt. As of September 30, 2026, we had a $300.0 million Line of Credit with no outstanding borrowings in connection with our Credit Agreement. As of September 30, 2026, we had $345.0 million aggregate principal amount of debt outstanding related to our Notes. For further information on our debt obligations, refer to Note 8, “Debt” to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Repurchase Program. On October 30, 2025, the Board authorized a stock repurchase program for up to $150.0 million of our outstanding shares of Class A common stock (the “Repurchase Program”). During the nine months ended September

30, 2026, we repurchased 5,419,324 shares of our Class A common stock for an aggregate amount of $73.5 million (excluding excise taxes and commissions) and have $66.4 million remaining for purchases under our authorization.

The timing and actual number of shares repurchased under the Repurchase Program depend on a variety of factors, including price, general business and market conditions, and other investment opportunities. Shares may be repurchased through open market purchases or privately negotiated transactions, including through the use of trading plans intended to qualify under Rule 10b5-1 under the Exchange Act. Our Repurchase Program has no termination date and may be suspended, delayed, discontinued, or accelerated at any time. Any repurchased shares will be available for use in connection with our stock plans and for other corporate purposes. For further information on our Repurchase Program, refer to Note 9, "Stockholders' Equity" to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Funds Held for Customers and Customer Funds Obligations

We maintain trust accounts with financial institutions, which allow our customers to outsource their tax remittance functions to us. We have legal ownership over the accounts utilized for this purpose. Funds held for customers represent cash and cash equivalents that, based upon our intent, are restricted solely for satisfying the obligations to remit funds relating to our tax remittance services. Funds held for customers are not commingled with our operating funds.

Customer funds obligations represent our contractual obligations to remit collected funds to satisfy customer tax payments. Customer funds obligations are included as a current liability on our condensed consolidated balance sheets as the obligations are expected to be settled within one year. Cash flows related to changes in customer funds obligations liability are presented as cash flows from financing activities.

Contractual Obligations and Commitments

As of September 30, 2026, we have no outstanding borrowings under our Line of Credit. Our Notes are due in May 2029. We expect to continue to fund debt maturities and interest payments with cash flows generated from operations, existing cash and cash equivalents, or proceeds from additional financing. For further information on our debt obligations, refer to Note 8, "Debt" to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

There have been no material updates or changes to our contractual obligations and commitments compared to contractual obligations and commitments described in our 2025 Annual Report.

Key Business Metrics

We regularly review the metrics identified below to evaluate growth trends, measure our performance, formulate financial projections and make strategic decisions.

Annual Recurring Revenue ("ARR") and Average Annual Revenue Per Direct Customer ("AARPC").

We derive the vast majority of our revenue from recurring software subscriptions. We believe ARR provides us with visibility to our projected software subscription revenue in order to evaluate the health of our business. Because we recognize subscription revenue ratably, we believe investors can use ARR to measure our expansion of existing customer revenues, new customer activity, and as an indicator of future software subscription revenues. ARR is based on monthly recurring revenue ("MRR") from software subscriptions for the most recent month at period end, multiplied by twelve. MRR is calculated by dividing the software subscription price, inclusive of discounts, by the number of subscription covered months. MRR only includes direct customers with MRR at the end of the last month of the measurement period.

AARPC represents average annual revenue per direct customer and is calculated by dividing ARR by the number of software subscription direct customers at the end of the respective period.

	As of September 30,			
(Dollars in millions)	2026	2025	Year-Over-Year Change	
Annual Recurring Revenue	$ 724.3	$ 648.2	$ 76.1	11.7 %

ARR increased by $76.1 million, or 11.7%, at September 30, 2026, as compared to September 30, 2025. The increase was primarily driven by $38.4 million in growth of subscriptions for our solutions to new customers, and $37.7 million in growth of revenues from existing customers through their expanded use of our solutions, as well as price increases.

We had 4,968 direct customers and AARPC was approximately $145,793 at September 30, 2026. At September 30, 2025, we had 4,856 direct customers and approximately $133,484 of AARPC. The increase in AARPC was primarily due to expansion of usage by existing customers and adding new scaled customers through organic growth.

Net Revenue Retention Rate ("NRR").

We believe that our NRR provides insight into our ability to retain and grow revenue from our customers, as well as their potential long-term value to us. We also believe it demonstrates to investors our ability to expand existing customer revenues, which is one of our key growth strategies. Our NRR refers to the ARR expansion during the 12 months of a reporting period for all customers who were part of our customer base at the beginning of the reporting period. Our NRR calculation takes into account any revenue lost from departing customers or those who have downgraded or reduced usage, as well as any revenue expansion from migrations, new licenses for additional products or contractual and usage-based price changes.

	As of September 30,	
	2026	2025
Net Revenue Retention Rate	106 %	107 %

NRR decreased by one percentage point, at September 30, 2026, as compared to September 30, 2025. The decrease was largely due to lower growth of additional entitlements as our customers' annual growth has slowed, keeping them within current bands of usage, as well as delayed deal activity seen for some of our large multinational customers due to the macroeconomic environment.

Gross Revenue Retention Rate ("GRR").

We believe our GRR provides insight into and demonstrates to investors our ability to retain revenues from our existing customers. Our GRR refers to how much of our MRR we retain each month after reduction for the effects of revenues lost from departing customers or those who have downgraded or reduced usage. GRR does not take into account revenue expansion from migrations, new licenses for additional products or contractual and usage-based price changes. GRR does not include revenue reductions resulting from cancellations of customer subscriptions that are replaced by new subscriptions associated with customer migrations to a newer version of the related software solution.

	As of September 30,	
	2026	2025
Gross Revenue Retention Rate	95 %	95 %

Adjusted EBITDA and Adjusted EBITDA Margin.

We believe that Adjusted EBITDA is a measure widely used by securities analysts and investors to evaluate the financial performance of our company and other companies. We believe that Adjusted EBITDA and Adjusted EBITDA

margin are useful as supplemental measures to evaluate our overall operating performance as they measure business performance focusing on cash related charges and because they are important metrics to lenders under our Credit Agreement. We define Adjusted EBITDA as net loss or income before interest, taxes, depreciation, and amortization, as adjusted to exclude charges for stock-based compensation expense, amortization of cloud computing arrangement implementation costs, severance expense, acquisition contingent consideration, changes in the fair value of acquisition contingent earn-outs, acquisition-related retained employee compensation, and transaction and other business transformation costs. Adjusted EBITDA margin represents Adjusted EBITDA divided by total revenues for the same period. For purposes of comparison, our net income (loss) was $(46.6) million and $4.0 million for the three months ended September 30, 2026 and 2025, respectively, while our net income (loss) margin was (21.9)% and 2.1% over the same periods, respectively. Additionally, our net income (loss) was $(40.1) million and $14.2 million for the nine months ended September 30, 2026 and 2025, respectively, while our net income (loss) margin was (6.5)% and 2.6% over the same periods, respectively.

We are unable to reconcile forward-looking Adjusted EBITDA to net income (loss), the most directly comparable GAAP financial measure, without unreasonable efforts because we are currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact net income (loss) for these periods but would not impact Adjusted EBITDA.

(Dollars in thousands)	For the three months ended September 30, 2026	2025	For the nine months ended September 30, 2026	2025
	(unaudited)		(unaudited)	
Adjusted EBITDA:				
Net income (loss)	$ (46,633)	$ 4,045	$ (40,100)	$ 14,214
Interest income, net	(342)	(1,245)	(1,643)	(4,012)
Income tax expense (benefit)	47,289	1,520	27,008	(5,260)
Depreciation and amortization – property and equipment	7,479	6,372	20,641	18,439
Depreciation and amortization of capitalized software and acquired intangible assets – cost of subscription revenues	23,144	18,143	65,112	50,668
Amortization of acquired intangible assets – selling and marketing expense	517	588	1,564	1,690
Amortization of cloud computing implementation costs – general and administrative expense	1,419	871	3,814	2,895
Stock-based compensation expense	15,381	13,215	47,651	46,249
Severance expense [1]	3,378	1,199	13,475	1,973
Acquisition contingent consideration	—	—	—	200
Change in fair value of acquisition contingent earn-outs	2,800	(4,000)	(3,038)	(16,400)
Acquisition-related retained employee compensation [2]	1,250	—	2,917	—
Transaction and other business transformation costs [3]	9,089	2,785	22,448	8,425
Adjusted EBITDA	$ 64,771	$ 43,493	$ 159,849	$ 119,081
Adjusted EBITDA Margin:				
Total revenues	$ 213,275	$ 192,112	$ 613,891	$ 553,733
Adjusted EBITDA margin	30.4 %	22.6 %	26.0 %	21.5 %

[1] The three and nine months ended September 30, 2026 periods include $3,324 and $11,207, respectively, in severance costs related to the Value Creation Plan. For further information, refer to Note 15, "Restructuring" to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.
[2] The acquisition-related compensation expenses recorded for the three and nine months ended September 30, 2026 are related to the Additional Cash Consideration obligation associated with the acquisition of Brinta. For further information, refer to Note 3, "Acquisitions" to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.
[3] The three and nine months ended September 30, 2026 periods include $5,550 and $14,350, respectively, in costs incurred to support the execution of our Value Creation Plan. For further information, refer to Note 15, " Restructuring" to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. Amounts also include legal expenses associated with litigation related to claims the Company has made against a competitor. For further information, refer to Note 12, "Commitments and Contingencies" to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

The increase in Adjusted EBITDA for the three months ended September 30, 2026 of $21.3 million over the comparable period in 2025 was primarily driven by a $23.5 million increase in non-GAAP gross profit and a $3.9 million decrease in non-GAAP general and administrative expense, which was partially offset by increases of $5.2 million in non-GAAP research and development expense and $0.7 million in non-GAAP selling and marketing expense. Adjusted EBITDA margin increased to 30.4% for the three months ended September 30, 2026 compared to 22.6% for the comparable period in 2025, primarily due to the impact of our Value Creation Plan.

The increase in Adjusted EBITDA for the nine months ended September 30, 2026 of $40.8 million over the comparable period in 2025 was primarily driven by a $54.2 million increase in non-GAAP gross profit and a $6.9 million decrease in non-GAAP general and administrative expense, which was partially offset by increases of $13.7 million in non-GAAP research and development expense and $8.1 million in non-GAAP selling and marketing expense. Adjusted EBITDA margin increased to 26.0% for the nine months ended September 30, 2026 compared to 21.5% for the comparable period in 2025, primarily due to the impact of our Value Creation Plan, as well as increased operating leverage and realized efficiencies from prior year strategic investments in our global infrastructure and core business processes.

Free Cash Flow and Free Cash Flow Margin.

We use free cash flow as a critical measure in the evaluation of liquidity in conjunction with related GAAP amounts. We also use this measure when considering available cash, including for decision-making purposes related to dividends

and discretionary investments. We consider free cash flow to be an important measure for investors because it measures the amount of cash we generate from our operations after our capital expenditures and capitalization of software development costs. In addition, we base certain of our forward-looking estimates and budgets on free cash flow and free cash flow margin. We define free cash flow as the total of net cash provided by operating activities less purchases of property and equipment and capitalized software. We define free cash flow margin as free cash flow divided by total revenues for the same period.

Our net cash provided by operating activities was $53.3 million and $62.5 million for the three months ended September 30, 2026 and 2025, respectively, while our operating cash flow margin was 25.0% and 32.5% over the same periods, respectively. Our net cash provided by operating activities was $122.2 million and $123.3 million for the nine months ended September 30, 2026 and 2025, respectively, while our operating cash flow margin was 19.9% and 22.3% over the same periods, respectively.

(Dollars in thousands)	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
	(unaudited)		(unaudited)	
Free Cash Flow:				
Cash provided by operating activities	$ 53,294	$ 62,467	$ 122,165	$ 123,275
Property and equipment additions	(22,776)	(26,436)	(70,607)	(69,342)
Capitalized software additions	(5,321)	(5,879)	(15,969)	(16,444)
Free cash flow	$ 25,197	$ 30,152	$ 35,589	$ 37,489
Free Cash Flow Margin:				
Total revenues	$ 213,275	$ 192,112	$ 613,891	$ 553,733
Free cash flow margin	11.8 %	15.7 %	5.8 %	6.8 %

Free cash flow decreased by $5.0 million for the three months ended September 30, 2026 as compared to the same period in 2025. This decrease was primarily driven by a $9.2 million decrease in cash provided by operating activities, primarily attributable to the timing of cash payments during the period, which was partially offset by a $4.2 million decrease in investments in property and equipment, and capitalized software related to investments in infrastructure, new products, and enhancements to existing products. Free cash flow margin decreased to 11.8% for the three months ended September 30, 2026 compared to 15.7% for the same period in 2025.

Free cash flow decreased by $1.9 million for the nine months ended September 30, 2026 as compared to the same period in 2025. This decrease was primarily driven by a $1.1 million decrease in cash provided by operating activities, primarily attributable to the timing of cash payments during the period, as well as $0.8 million in additional investments in property and equipment, and capitalized software related to investments in infrastructure, new products, and enhancements to existing products. Free cash flow margin decreased to 5.8% for the nine months ended September 30, 2026 compared to 6.8% for the same period in 2025.

Use and Reconciliation of Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we have calculated Adjusted EBITDA, Adjusted EBITDA margin, free cash flow, free cash flow margin, non-GAAP cost of revenues, non-GAAP gross profit, non-GAAP gross margin, non-GAAP research and development expense, non-GAAP selling and marketing expense, non-GAAP general and administrative expense, non-GAAP operating income, and non-GAAP net income, which are each non-GAAP financial measures. We have provided tabular reconciliations of each of these non-GAAP financial measures to its most directly comparable GAAP financial measure.

We use these non-GAAP financial measures to understand and compare operating results across accounting periods, for internal budgeting and forecasting purposes, and to evaluate financial performance. We use non-GAAP financial measures of free cash flow and free cash flow margin to evaluate liquidity. Our non-GAAP financial measures are

presented as supplemental disclosure as we believe they provide useful information to investors and others in understanding and evaluating our results, prospects, and liquidity period-over-period without the impact of certain items that do not directly correlate to our operating performance and that may vary significantly from period to period for reasons unrelated to our operating performance, as well as comparing our financial results to those of other companies. Our definitions of these non-GAAP financial measures may differ from similarly titled measures presented by other companies, and therefore, comparability may be limited. In addition, other companies may not publish these or similar metrics. Thus, our non-GAAP financial measures should be considered in addition to, not as a substitute for, or in isolation from, the financial information prepared in accordance with GAAP financial measures, and should be read in conjunction with the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Additional Non-GAAP Financial Measures

In addition to Adjusted EBITDA, Adjusted EBITDA margin, free cash flow, and free cash flow margin calculated and discussed in "Key Business Metrics," the following additional non-GAAP financial measures are calculated and presented further below:

- Non-GAAP cost of revenues, software subscriptions is determined by adding back to GAAP cost of revenues, software subscriptions, the stock-based compensation expense, and depreciation and amortization of capitalized software and acquired intangible assets included in cost of subscription revenues for the respective periods.

- Non-GAAP cost of revenues, services is determined by adding back to GAAP cost of revenues, services, the stock-based compensation expense included in cost of revenues, services for the respective periods.

- Non-GAAP gross profit is determined by adding back to GAAP gross profit the stock-based compensation expense, and depreciation and amortization of capitalized software and acquired intangible assets included in cost of subscription revenues for the respective periods.

- Non-GAAP gross margin is determined by dividing non-GAAP gross profit by total revenues for the respective periods.

- Non-GAAP research and development expense is determined by adding back to GAAP research and development expense the stock-based compensation expense and transaction costs related to acquired technology included in research and development expense for the respective periods.

- Non-GAAP selling and marketing expense is determined by adding back to GAAP selling and marketing expense the stock-based compensation expense and the amortization of acquired intangible assets included in selling and marketing expense for the respective periods.

- Non-GAAP general and administrative expense is determined by adding back to GAAP general and administrative expense the stock-based compensation expense, amortization of cloud computing implementation costs, severance expense, acquisition-related retained employee compensation, and transaction and other business transformation costs included in general and administrative expense for the respective periods.

- Non-GAAP operating income is determined by adding back to GAAP loss or income from operations the stock-based compensation expense, depreciation and amortization of capitalized software and acquired intangible assets, amortization of cloud computing implementation costs, severance expense, acquisition contingent consideration, changes in the fair value of acquisition contingent earn-outs, acquisition-related retained employee compensation, and transaction and other business transformation costs included in GAAP loss or income from operations for the respective periods.

- Non-GAAP net income is determined by adding back to GAAP net income or loss income tax benefit or expense, stock-based compensation expense, depreciation and amortization of capitalized software and

acquired intangible assets, amortization of cloud computing implementation costs, severance expense, acquisition contingent consideration, changes in the fair value of acquisition contingent earn-outs, acquisition-related retained employee compensation, and transaction and other business transformation costs included in GAAP loss or income from operations for the respective periods, and to subtract interest income earned on our note receivable, to determine non-GAAP income or loss before income taxes. Non-GAAP income or loss before income taxes is then adjusted for income taxes calculated using the respective statutory tax rates for applicable jurisdictions, which for purposes of this determination were assumed to be 25.5%.

We encourage investors and others to review our financial information in its entirety, not to rely on any single financial measure and to view these non-GAAP financial measures in conjunction with the related GAAP financial measures.

The following schedules reflect our additional non-GAAP financial measures and reconciles our additional non-GAAP financial measures to the related GAAP financial measures.

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
(Dollars in thousands)	(unaudited)		(unaudited)	
Non-GAAP cost of revenues, software subscriptions	$ 28,060	$ 30,673	$ 86,610	$ 83,392
Non-GAAP cost of revenues, services	$ 19,690	$ 19,421	$ 58,186	$ 55,424
Non-GAAP gross profit	$ 165,525	$ 142,018	$ 469,095	$ 414,917
Non-GAAP gross margin	77.6 %	73.9 %	76.4 %	74.9 %
Non-GAAP research and development expense	$ 21,995	$ 16,766	$ 65,044	$ 51,370
Non-GAAP selling and marketing expense	$ 44,140	$ 43,406	$ 137,987	$ 129,872
Non-GAAP general and administrative expense	$ 34,541	$ 38,437	$ 106,172	$ 113,110
Non-GAAP operating income	$ 57,292	$ 37,121	$ 139,208	$ 100,642
Non-GAAP net income	$ 42,893	$ 28,582	$ 104,890	$ 77,967

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
(Dollars in thousands)	(unaudited)		(unaudited)	
Non-GAAP Cost of Revenues, Software Subscriptions:				
Cost of revenues, software subscriptions	$ 52,418	$ 50,034	$ 155,764	$ 138,738
Stock-based compensation expense	(1,214)	(1,218)	(4,042)	(4,678)
Depreciation and amortization of capitalized software and acquired intangible assets – cost of subscription revenues	(23,144)	(18,143)	(65,112)	(50,668)
Non-GAAP cost of revenues, software subscriptions	$ 28,060	$ 30,673	$ 86,610	$ 83,392
Non-GAAP Cost of Revenues, Services:				
Cost of revenues, services	$ 20,648	$ 20,762	$ 61,749	$ 59,485
Stock-based compensation expense	(958)	(1,341)	(3,563)	(4,061)
Non-GAAP cost of revenues, services	$ 19,690	$ 19,421	$ 58,186	$ 55,424
Gross profit	$ 140,209	$ 121,316	$ 396,378	$ 355,510
Stock-based compensation expense	2,172	2,559	7,605	8,739
Depreciation and amortization of capitalized software and acquired intangible assets – cost of subscription revenues	23,144	18,143	65,112	50,668
Non-GAAP gross profit	$ 165,525	$ 142,018	$ 469,095	$ 414,917

(Dollars in thousands)	For the three months ended September 30, (unaudited)		For the nine months ended September 30, (unaudited)	
	2026	2025	2026	2025
Non-GAAP Gross Margin:				
Total revenues	$ 213,275	$ 192,112	$ 613,891	$ 553,733
Non-GAAP gross margin	77.6 %	73.9 %	76.4 %	74.9 %
Non-GAAP Research and Development Expense:				
Research and development expense	$ 24,680	$ 19,929	$ 74,035	$ 61,397
Stock-based compensation expense	(2,685)	(3,163)	(8,991)	(10,027)
Non-GAAP research and development expense	$ 21,995	$ 16,766	$ 65,044	$ 51,370
Non-GAAP Selling and Marketing Expense:				
Selling and marketing expense	$ 49,651	$ 47,385	$ 154,185	$ 143,994
Stock-based compensation expense	(4,994)	(3,391)	(14,634)	(12,432)
Amortization of acquired intangible assets – selling and marketing expense	(517)	(588)	(1,564)	(1,690)
Non-GAAP selling and marketing expense	$ 44,140	$ 43,406	$ 137,987	$ 129,872
Non-GAAP General and Administrative Expense:				
General and administrative expense	$ 51,668	$ 44,609	$ 157,149	$ 133,029
Stock-based compensation expense	(5,530)	(4,102)	(16,421)	(15,051)
Severance expense [1]	(3,378)	(1,199)	(13,475)	(1,973)
Acquisition-related retained employee compensation [2]	(1,250)	—	(2,917)	—
Transaction and other business transformation costs [3]	(5,550)	—	(14,350)	—
Amortization of cloud computing implementation costs – general and administrative expense	(1,419)	(871)	(3,814)	(2,895)
Non-GAAP general and administrative expense	$ 34,541	$ 38,437	$ 106,172	$ 113,110
Non-GAAP Operating Income:				
Income (loss) from operations	$ 314	$ 4,320	$ (14,735)	$ 4,942
Stock-based compensation expense	15,381	13,215	47,651	46,249
Depreciation and amortization of capitalized software and acquired intangible assets – cost of subscription revenues	23,144	18,143	65,112	50,668
Amortization of acquired intangible assets – selling and marketing expense	517	588	1,564	1,690
Amortization of cloud computing implementation costs – general and administrative expense	1,419	871	3,814	2,895
Severance expense [1]	3,378	1,199	13,475	1,973
Acquisition contingent consideration	—	—	—	200
Change in fair value of acquisition contingent earn-outs	2,800	(4,000)	(3,038)	(16,400)
Acquisition-related retained employee compensation [2]	1,250	—	2,917	—
Transaction and other business transformation costs [3]	9,089	2,785	22,448	8,425
Non-GAAP operating income	$ 57,292	$ 37,121	$ 139,208	$ 100,642

(Dollars in thousands)	For the three months ended September 30, 2026	For the three months ended September 30, 2025	For the nine months ended September 30, 2026	For the nine months ended September 30, 2025
Non-GAAP Net Income:				
Net income (loss)	$ (46,633)	$ 4,045	$ (40,100)	$ 14,214
Income tax expense (benefit)	47,289	1,520	27,008	(5,260)
Note receivable interest	(59)	—	(59)	—
Stock-based compensation expense	15,381	13,215	47,651	46,249
Depreciation and amortization of capitalized software and acquired intangible assets – cost of subscription revenues	23,144	18,143	65,112	50,668
Amortization of acquired intangible assets – selling and marketing expense	517	588	1,564	1,690
Amortization of cloud computing implementation costs – general and administrative expense	1,419	871	3,814	2,895
Severance expense [1]	3,378	1,199	13,475	1,973
Acquisition contingent consideration	—	—	—	200
Change in fair value of acquisition contingent earn-outs	2,800	(4,000)	(3,038)	(16,400)
Acquisition-related retained employee compensation [2]	1,250	—	2,917	—
Transaction and other business transformation costs [3]	9,089	2,785	22,448	8,425
Non-GAAP income before income taxes	57,575	38,366	140,792	104,654
Income tax adjustment at statutory rate [4]	(14,682)	(9,784)	(35,902)	(26,687)
Non-GAAP net income	$ 42,893	$ 28,582	$ 104,890	$ 77,967

[1] The three and nine months ended September 30, 2026 periods include $3,324 and $11,207, respectively, in severance costs related to the Value Creation Plan. For further information, refer to Note 15, "Restructuring" to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.
[2] The acquisition-related compensation expenses recorded for the three and nine months ended September 30, 2026 are related to the Additional Cash Consideration obligation associated with the acquisition of Brinta. For further information, refer to Note 3, "Acquisitions" to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.
[3] The three and nine months ended September 30, 2026 periods include $5,550 and $14,350, respectively, in costs incurred to support the execution of our Value Creation Plan, recorded in general and administrative expense. For further information, refer to Note 15, " Restructuring" to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. Amounts also include legal expenses associated with litigation related to claims the Company has made against a competitor. For further information, refer to Note 12, "Commitments and Contingencies" to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.
[4] Non-GAAP income before income taxes is adjusted for income taxes using the respective statutory tax rates for applicable jurisdictions, which for purposes of this determination were assumed to be 25.5%.

Critical Accounting Estimates

The critical accounting policies that reflect our more significant judgments and estimates used in the preparation of our condensed consolidated financial statements include revenue recognition and income taxes, which are described in our 2025 Annual Report. There have been no material updates or changes to our critical accounting estimates compared to the critical accounting estimates described in our 2025 Annual Report.

Recent Accounting Pronouncements

For further information on recent accounting pronouncements, refer to Note 1, "Summary of Significant Accounting Policies" to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We had unrestricted cash and cash equivalents of $217.8 million and $314.0 million as of September 30, 2026 and December 31, 2025, respectively. We maintain our cash and cash equivalents in deposit accounts and money market funds with various financial institutions. Due to the short-term nature of these instruments, we believe that we do not have any material exposure to changes in the fair value of these investments as a result of changes in interest rates. Increases or declines in interest rates would be expected to augment or reduce future interest income by an insignificant amount.

We are exposed to risk related to changes in interest rates on our outstanding borrowings. Borrowings under our Credit Agreement bear interest at rates that are variable. Increases in the bank prime or the Secured Overnight Financing Rate ("SOFR") would increase the interest rate on any future outstanding borrowings. Any debt we incur in the future may also bear interest at variable rates.

Our Notes have a fixed annual interest rate; therefore, we have no financial or economic interest exposure associated with changes in interest rates. However, the fair value of fixed rate debt instruments fluctuates when interest rates change. Additionally, the fair value of the Notes can be affected when the market price of our common stock fluctuates. We carry the Notes at principal value less unamortized issuance costs on our condensed consolidated balance sheets, and we present fair value for required disclosure purposes only.

Foreign Currency Exchange Risk

Our revenues and expenses are primarily denominated in U.S. Dollars. For our foreign operations, the majority of our revenues and expenses are denominated in other currencies, such as the Canadian Dollar, Euro, British Pound, and Brazilian Real. Decreases in the relative value of the U.S. Dollar as compared to these currencies may negatively affect our revenues and other operating results as expressed in U.S. Dollars. For both the three and nine months ended September 30, 2026, approximately 5% of our revenues were denominated in currencies other than U.S. Dollars. For the three and nine months ended September 30, 2025, approximately 6% and 5%, respectively, of our revenues were denominated in currencies other than U.S. Dollars.

We have experienced and will continue to experience fluctuations in our net income or loss as a result of transaction gains or losses related to revaluing certain current asset and current liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. We have historically recognized immaterial amounts of foreign currency gains and losses in each of the periods presented. We may in the future hedge selected significant transactions denominated in currencies other than the U.S. dollar as we expand our international operations and our risk grows.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Based on the evaluation of our disclosure controls and procedures, our principal executive officer and principal financial officer concluded that, as of September 30, 2026, our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II---OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On January 25, 2022, we filed a complaint (subsequently amended on February 9, 2022) against Avalara, Inc. ("Avalara") in the United States District Court for the Eastern District of Pennsylvania. The complaint alleges claims of unfair competition, intentional interference with contractual relations, and trade secret misappropriation against Avalara. We were seeking a permanent injunction to prevent Avalara from further interference with our contractual relations and to prohibit the disclosure in any way of our confidential, proprietary and/or trade secret information. We were also seeking monetary damages, including punitive damages and attorney's fees. Following a jury trial, on October 29, 2026, a verdict was reached concluding that no trade secret misappropriation occurred. We are currently evaluating our options with respect to the verdict, including potential appeal.

In addition to the foregoing matter, from time to time, we may be involved in various legal proceedings arising from the normal course of business activities. We are not presently a party to any litigation the outcome of which we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows or financial condition.

ITEM 1A. RISK FACTORS

This document incorporates by reference various risk factors discussed in the Company's 2025 Annual Report and Quarterly Report on Form 10-Q for the quarter ended March 31, 2026, under the heading "Risk Factors."

There are no material changes to the risk factors discussed in these filings. You should carefully consider these risks, together with management's discussion and analysis of our financial condition and results of operations in conjunction with the condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q. If any of the events contemplated should occur, our business, results of operations, financial condition and cash flows could suffer significantly.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The table below presents information with respect to our Class A common stock purchases made during the three months ended September 30, 2026 by us or any "affiliated purchaser", as defined in Rule 10b-18(a)(3) under the Exchange Act:

Period [1]	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans at Period End
				(in thousands)
July 1-31	—	$ —	—	$ 93,421
August 1-31	1,505,738	13.16	1,505,738	73,609
September 1-30	529,842	13.57	529,842	66,421
Total	2,035,580	$ 13.26	2,035,580	$ 66,421

[1] On October 30, 2025, the Board authorized the Repurchase Program for up to $150.0 million of the Company's outstanding shares of Class A common stock. The Repurchase Program has no termination date and may be modified, suspended or discontinued at any time.

Shares purchased under the Repurchase Program do not include shares withheld to satisfy withholding tax obligations.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

During the three months ended September 30, 2026, no director or officer of the Company adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith	Furnished Herewith
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X	
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X	
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002						X
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002						X
101.INS	Inline XBRL Instance Document					X	
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X	
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X	
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)						

SIGNATURES

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

Vertex, Inc.

Date: November 5, 2026

By: /s/ CHRISTOPHER YOUNG
Christopher Young
President and Chief Executive Officer (principal executive officer)

Date: November 5, 2026

By: /s/ JOHN SCHWAB
John Schwab
Chief Financial Officer (principal financial officer)

Exhibit 31.1

CERTIFICATION

I, Christopher Young, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vertex, Inc.;

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 controls 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 the registrant's board of directors (or persons performing the equivalent functions):

   (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: November 5, 2026

By: /s/ CHRISTOPHER YOUNG
Christopher Young
Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION

I, John Schwab, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vertex, Inc.;

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 controls 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 the registrant's board of directors (or persons performing the equivalent functions):

   (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: November 5, 2026

By: /s/ JOHN SCHWAB
John Schwab
Chief Financial Officer
(principal financial officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Vertex, Inc. (the "Company") for the period ended September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 5, 2026

By: /s/ CHRISTOPHER YOUNG
Christopher Young
Chief Executive Officer
(principal executive officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Vertex, Inc. (the "Company") for the period ended September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 5, 2026

By: /s/ JOHN SCHWAB
John Schwab
Chief Financial Officer
(principal financial officer)