

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM ____ TO ____**

Commission File Number 0-27512

CSG SYSTEMS INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)
169 Inverness Dr W, Suite 300
Englewood, Colorado
(Address of principal executive offices)

47-0783182
(I.R.S. Employer
Identification No.)

80112
(Zip Code)

Registrant's telephone number, including area code: **(303) 200-2000**

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, Par Value \$0.01 Per Share	CSGS	Nasdaq Stock Market LLC

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☒ NO ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or Section 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Smaller reporting company ☐ Emerging growth company ☐

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

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

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

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

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

The aggregate market value of the voting and non-voting common equity held by nonaffiliates of the registrant, based on the closing price of the shares of common stock on The Nasdaq Stock Market on June 30, 2025, was \$1,301,993,383.

The number of shares of registrant's Common Stock outstanding as of February 17, 2026 was 28,501,936.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement for its 2026 Annual Meeting of Stockholders, if filed with the Securities and Exchange Commission ("SEC") on or prior to April 30, 2026, are incorporated by reference into Part III of this Annual Report on Form 10-K, or such Part III information will be provided in an amendment filed on Form 10-K/A with the SEC no later than April 30, 2026.

CSG SYSTEMS INTERNATIONAL, INC.

2025 FORM 10-K

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-K, including Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements relate to future events and typically address our expected future business and financial performance. All statements in this Annual Report on Form 10-K that are not historical facts are forward-looking statements. Words such as "expect," "anticipate," "intend," "plan," "aspire," "believe," "seek," "see," "will," "would," "may," "target," and similar expressions and variations or negatives of these words, typically identify such forward-looking statements. These forward-looking statements include, but are not limited to, statements relative to the Company's future plans and prospects, our financial condition, and our expectations concerning our business and the industries we serve, statements regarding our business model and strategic plans, and the Company's expectations, plans, intentions, strategies or prospects with respect to the proposed Merger (as defined herein).

Such forward-looking statements are neither promises nor guarantees, but involve a number of known and unknown risks, uncertainties and assumptions that may cause our actual results, performance or achievements to differ materially from those expressed or implied in the forward-looking statements due to various factors, including, but not limited to: we derive a significant portion of our revenue from a limited number of customers; fluctuations in credit market conditions, general global economic and political conditions, and foreign currency exchange rates; our ability to maintain a reliable, secure computing environment; continued market acceptance of our products and services; our ability to continuously develop and enhance products in a timely, cost-effective, technically advanced and competitive manner; our ability to deliver its solutions in a timely fashion within budget, particularly large and complex software implementations; our dependency on the global telecommunications industry, and in particular, the North American telecommunications industry; our ability to meet our financial expectations; increasing competition in our market from companies of greater size and with broader presence; our ability to successfully integrate and manage acquired businesses or assets to achieve expected strategic, operating and financial goals; our ability to protect our intellectual property rights; our ability to conduct business in the international marketplace; our ability to comply with applicable U.S. and international laws and regulations; our ability to establish environmental stewardship targets and attain those goals; the ability of the parties to the Merger to complete the proposed Merger on the anticipated terms and timing, or at all; the satisfaction or waiver of other conditions to the completion of the proposed Merger; the risk that our stock price may fluctuate during the pendency of the proposed Merger and may decline if the proposed Merger is not completed; potential litigation relating to the proposed Merger that could be instituted against us or our directors, managers or officers, including the delay, expense or other effects of any outcomes related thereto; the risk that disruptions from the proposed Merger will harm our business, including current plans and operations, including during the pendency of the proposed Merger; our ability to retain, motivate, and hire key personnel; the diversion of management's time and attention from ordinary course business operations to completion of the proposed Merger and integration matters; potential adverse reactions or changes to business relationships resulting from the announcement, pendency or completion of the proposed Merger; legislative, regulatory and economic developments; potential business uncertainty, including changes to existing business relationships, during the pendency of the proposed Merger that could affect our financial performance; certain restrictions during the pendency of the proposed Merger that may impact our ability to pursue certain business opportunities or strategic transactions; unpredictability and severity of catastrophic events, including but not limited to acts of terrorism, outbreaks of war or hostilities or global pandemics, as well as management's response to any of the aforementioned factors; the possibility that the proposed Merger may be more expensive to complete than anticipated, including as a result of unexpected factors or events; unexpected costs, liabilities or delays associated with the Merger; the response of competitors to the Merger; the occurrence of any event, change or other circumstance that could give rise to the termination of the proposed Merger, including in circumstances requiring us to pay a termination fee; the ability to realize the anticipated benefits of the Merger, including the expected synergies and cost saving; the possibility that competing or superior acquisition proposals for the Company will be made; the risks identified in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations and Part I, Item 1A. "Risk Factors" in this Annual Report on Form 10-K.

Forward-looking statements are based on management's beliefs, assumptions and expectations of future events and trends that are subject to risks and uncertainties. Forward-looking statements speak only as of the date made, and actual future results and trends may differ materially from historical results or those reflected in any such forward-looking statements depending on a variety of factors. You should read this Annual Report on Form 10-K and the documents that we reference in this Annual Report on Form 10-K completely and with the understanding that our actual future results may be materially different from what we expect. We assume no obligation to update or revise any forward-looking statements except as required by federal securities laws.

PART I

Item 1. Business

Who We Are

CSG Systems International, Inc. (the “Company”, “CSG”, or forms of the pronoun “we”) is a purpose-driven, SaaS platform company that enables global companies in a wide variety of industry verticals to simplify their complex customer engagement and how they monetize in the digital age. Our cloud-first architecture and customer-centric approach empower companies to deliver unforgettable experiences for their B2B (business-to-business), B2C (business-to-consumer), and B2B2X (business-to-business-to-consumer) customers, making it easier for people and businesses to buy, use, and pay for the services they value most. CSG manages billions of critical customer interactions annually, and we do it with a singular focus – an obsession on our customers’ success.

As a global technology leader, we aspire to envision, invent, and shape a better, more future-ready world. Specifically, our mission is focused on helping some of the world’s most recognizable brands compete and win in the digital age by making it easier for their customers to do business.

Every company in every industry vertical with recurring customer relationships needs to make it easier for their consumer and enterprise customers to do business with them in their customers’ preferred channel of choice. They need to make it easier for customers to identify which product or service is right for them; easier to buy, procure, provision, and pay for their goods and services; easier to communicate with or get updates from them; and easier to modify the goods/services they buy. This is exactly where CSG’s SaaS platforms come in. Industry leaders in telecom, broadband cable, media, retail, healthcare, financial services, insurance, government, and other industries leverage the power of our integrated, domain specific technology to compete and win in the digital age.

Our 5,500-plus employees around the globe have made CSG a trusted technology leader and SaaS platform company to some of the biggest and most innovative brands around the world.

Our corporate headquarters is located at 169 Inverness Dr W, Suite 300, Englewood, Colorado 80112, and the telephone number at that address is (303) 200-2000.

Our common stock is listed on the Nasdaq Stock Market LLC (“Nasdaq”) under the symbol “CSGS”. We are a member of the S&P Small Cap 600 and Russell 2000 indices.

Plan of Merger

On October 29, 2025, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with NEC Corporation, a company incorporated under the laws of Japan (“NEC”) and Canvas Transaction Company, Inc., a Delaware corporation and a direct or indirect wholly owned subsidiary of NEC (“Merger Sub”). Pursuant to the terms and subject to the conditions set forth in the Merger Agreement, Merger Sub will merge with and into CSG (the “Merger”), with CSG continuing as the surviving corporation as a wholly owned subsidiary of NEC.

Per the terms and subject to the conditions set forth in the Merger Agreement, at the effective time of the Merger (the “Effective Time”), each share of CSG common stock that is issued and outstanding immediately prior to the Effective Time (other than the Cancelled Shares and Dissenting Shares, as they are defined in the Merger Agreement), will be converted into the right to receive \$80.70 per share in cash (the “Merger Consideration”).

Our Board of Directors (the “Board”) unanimously approved the Merger Agreement and the transactions contemplated thereby, including the Merger, and, subject to the terms of the Merger Agreement, recommended that our stockholders adopt the Merger Agreement. On January 30, 2026, at a special meeting, our stockholders adopted the Merger Agreement and approved the Merger. The closing of the Merger is expected to occur in 2026, subject to the satisfaction of customary closing conditions and required regulatory approvals. There can be no guarantee that the Merger will be completed or that, if completed, it will be exactly on the same terms as set forth in the Merger Agreement. If the Merger is consummated, CSG will become a privately held company and our common stock will be delisted from the Nasdaq and deregistered under the Exchange Act.

Information about the Merger Agreement and the Merger is set forth in our Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission (“SEC”) on December 16, 2025, as supplemented. See Note 2 to our Financial Statements for additional information.

What We Do

Simply put, CSG helps companies solve their toughest business challenges. We help our customers deliver personalized, secure, and integrated customer experience solutions in order to grow their revenue and wow their customers with future-ready solutions that drive exceptional customer experiences.

Our Industry-Leading Solutions

Revenue Management and Digital Monetization: We provide robust, integrated real-time revenue management platforms leveraging public cloud, private cloud, or on-premise deployments to optimize and monetize transactions at every stage of the customer lifecycle. Our flexible, configurable business support systems help companies be more profitable because they sell, engage, and monetize better with CSG integrated, domain specific technology. These solutions span the commerce lifecycle, streamlining the entire revenue monetization process from concept to cash, helping companies address digital transformation in the ever-changing and dynamic business world in which they operate.

With the growth in digital services across many industries, the way our customers interact with their customers is rapidly changing. For Communication Service Providers ("CSPs"), it provides new revenue sources beyond connectivity, information, and communications services. For consumers, it enables personalized new digital capabilities in a simpler to consume and engage model. But, behind these 'simple' user experiences are complex B2B, B2C, and B2B2X platforms, rich collaboration ecosystems, and a web of partnerships which are underpinned by open application programming interfaces, or APIs, distributed architecture, and microservices technology. Our solutions are architected to bring speed, agility, and interoperability while maintaining the operational stability, security, reliability, and scalability needed to power these complex ecosystems. We enable companies to bring new services to market with hyper speed and scale with our revenue management platforms which are key to growing revenue and profits in a digital world.

Transformational Customer Experiences: We believe customer experience is the number one differentiator for businesses today. We help businesses "win" on this front by helping them be easier to do business with digitally in the moments that matter. We do this with our SaaS platforms that leverage AI technology and drive loyalty, growth, and cost efficiency across the customer lifecycle.

Some of the biggest communications, financial services, healthcare, and retail brands in the world rely on our solutions, expertise, and insights to enable better experiences and drive customer engagement and retention. Retaining and growing these consumer relationships is critical for industry leaders to continue to thrive and grow. We help our customers deliver differentiated experiences across digital channels creating engagements that are personalized, predictive, and proactive.

Our extensive customer analytics unlock critical insights from the trail of data footprints across websites, stores, billing systems, internal data warehouses, emails, texts, and other channels to power personalized consumer journeys and real-time customer engagement. Our data and orchestration approach utilizes AI to ignite exceptional experiences that fuel loyalty and growth by creating detailed profiles and propelling customized acquisition, engagement, and retention strategies. This translates into faster results, lower risk, and ultimately, better business outcomes for our customers with a lower total cost to serve.

Payments: We continue to see an increase in the velocity and the expectations from our merchants and partners that make digital payments table stakes for every facet of their customer's life – whether that be paying rent, property taxes, gym memberships, educational fees, or other goods and services.

We have been recognized as a leader in payments, providing a full end-to-end SaaS payments platform, allowing organizations to accept electronic check/ACH, debit and credit card payments, and offer the ability to receive funds quicker via same-day ACH. With one of the most robust and complete payments platforms in the market, we enable integrated software vendors ("ISV") to differentiate their solution stack by offering a fully customizable payments platform that seamlessly integrates into existing architectures to help their customers scale payments smarter and faster. Our all-in-one payments platform simplifies and enables businesses and governments to onboard merchants quickly, deliver ongoing innovation, and address the changing market demands in digital payments. Our platform handles tens of billions of dollars in payment volumes annually for approximately 163,000 active merchants and we do this all in a secure, PCI-compliant environment. With our advanced fraud identification and prevention, utilizing AI-driven behavioral analysis and detection, we are able to help entities optimize their revenue, minimize their losses, and most importantly, protect their reputation.

Taken in whole or in modules, our SaaS payments platform combined with our deep domain expertise, helps leading brands across different industries optimize their business processes and integrate critical back- and front-office technology platforms to create a differentiated customer experience, resulting in accelerated growth and profits.

Technology Innovation & Operations

Our customers are looking for the best, most modern, and cost-efficient technologies to solve their toughest business challenges. We continue to make meaningful investments in research and development ("R&D"), incorporating AI and other emerging technologies into our solutions, to ensure that we stay ahead of our customers' needs, advancing our customers' businesses as well as our own.

Our products are recognized by industry analysts as best-in-class in the areas of monetization, financial services, technology, telecom, field service management, OSS/BSS, journey orchestration, journey analytics, customer experience, and integrated payments. In 2025, industry analysts and third-party organizations continued to affirm CSG's leadership across customer experience, billing, payments, and roaming. IDC named CSG Ascendon a Major Player in Subscription Management, while MGI Research recognized it as a leader in Agile Billing. Gartner and QKS highlighted CSG Quote & Order for its advanced B2B capabilities, and QKS also positioned CSG Xponent as a leader in journey management, analytics, and communications. IDC further recognized both Xponent and Ascendon as Major Players for customer experience in the telecommunications market.

Beyond analyst accolades, CSG's innovative solutions earned broad recognition across the industry in 2025. CSG Xponent was honored with the 2025 Banking Tech Award from FinTech Futures for *Best Personalisation and User Experience Solution*, while CSG Bill Explainer (part of CSG Xponent) won Gold in the 2025 CMSWire IMPACT Awards for *Best Customer Experience Transformation*. CSG was also named to *CRM Magazine's* prestigious *CRM Top 100* list, further reinforcing our leadership in customer-centric innovation, and CSG Quote & Order was named a finalist in Fierce Network's 2025 Innovation Awards for Customer Engagement.

In addition, we provide operational services encompassing infrastructure management (including hardware, application, and environmental management), application configuration management (including configuration development, release, and deployment) and business operations management (including event processing, revenue management, and settlement). Our pre-integrated approach, combined with our deep domain experts managing the applications, allow our customers to scale their operations and do what matters most – focus on satisfying their end customers and growing their businesses.

Why We Win

At CSG, many of our significant customer relationships span decades. To earn the right to do business with companies for that length of time, you need to be trusted, dependable, and innovative. You need to be bold, future-forward, relentlessly focused, passionate, customer-obsessed, people-centric, innovative – and most importantly – you need to deliver.

We do all of this by constantly obsessing over the needs and success of our customers as we help them design and deliver exceptional, digitally-enabled, customer and employee experiences. We believe in innovating jointly with our current and potential future customers to anticipate future-market trends and then redesign and technologically-enable personalized engagements with their consumer and enterprise customers. And, since our modular solutions are mission-critical systems at the heart of our customers' business, operational excellence, security, and reliability will always be our top priority.

In addition, working side-by-side with some of the biggest and most innovative companies in the world helps us to develop breakthrough technologies that address the market's most pressing needs today and into the future.

How We Grow

We believe the successful execution of our goals will allow us to accelerate our revenue and earnings growth, and therefore, create long-term sustained value for our customers, employees, and stockholders.

Our strategic focus is underpinned by our key business priorities:

Harnessing the best culture, the best talent, and the most energized and globally diverse team: Our global employees and leaders continue to be CSG's greatest competitive differentiator. As a purpose-driven, SaaS platform company, we foster a culture where we prioritize employee experience, learning, and development to provide a workplace environment where our employees can do their best work and thrive. By being customer-obsessed every day, CSG will continue to win big in the market.

Accelerating our revenue growth: We continue to target accelerated long-term organic revenue growth and unlock significant value with disciplined strategic, financially-attractive acquisitions. Accelerating our growth will enable CSG to add scale and operating leverage in order to create greater customer and stockholder value. We look to acquire capabilities, proven product platforms, market share in high-growth industry verticals, and human capital talent. In today's challenging macroeconomic environment, we will remain highly disciplined and strive to ensure that every acquisition meets our four criteria: strategic fit, culture/integration fit, financial fit, and risk/return profile.

Creating and leading with category-defining technology: Our broad portfolio of industry-leading integrated, domain specific technology provides our customers with a competitive advantage. These solutions enable customers to simplify the complexity in their traditional customer engagements while being able to quickly deliver new digital services and incorporating AI to create a more personalized and relevant experience to their consumers. We will continually add relevant capabilities to what we do as a company, both in terms of our people and our solutions.

Delivering an exceptional customer experience: We believe we deliver more business value by doing what we say and being easy to do business with. We do this by putting the customer at the heart of our decision-making and by continuing to raise the bar on our agility, delivery capabilities, efficiency, and reliability to power our customers' success.

Becoming the SaaS technology provider of choice for CSPs: We have a strong presence in the world's largest CSPs technology ecosystems with our award-winning revenue management and customer engagement platforms. As these companies wrestle with new competitors, changes in customer demands, and disruptive technologies, they need a partner that can provide them with a suite of solutions that can help them turn these challenges into opportunities, higher revenues, and greater operating profits. With our vast portfolio of solutions, we can help service providers launch and scale new digital services quickly, provide a great customer experience across any channel, and simplify and monetize B2B2X ecosystems and marketplaces, across industry verticals.

Expanding into big, higher growth industry verticals: Brands in many large, high-growth industry verticals rely on and need the technology products and platforms that CSG provides. We are focused on increasing the amount of revenue we generate from customers outside of the CSP industry. While we've made significant progress over the years, we have an ongoing opportunity to further expand our footprint in these verticals. CSG is helping some of the biggest brands in retail, healthcare, financial services, insurance, and government digitize and modernize their revenue management, customer experience, and payments capabilities.

Customers

We work with some of the world's leading brands in a wide variety of industry verticals, including leading CSPs like Charter, Comcast, MTN, Airtel Africa, DISH, Mobily, Verizon, AT&T, American Movil, and Telstra. Outside of the CSP space, we work with hundreds of other customers like JP Morgan Chase, Walgreens, and Formula 1, and approximately 163,000 active merchants including some of the largest financial services and property management companies, health care providers, and state and local governments.

Customers that represented 10% or more of our revenue for 2025 and 2024 were as follows (in millions, except percentages):

	2025		2024	
	Amount	% of Revenue	Amount	% of Revenue
Charter	\$ 236	19%	\$ 240	20%
Comcast	210	17%	225	19%

See the Significant Customer Relationships section of our Management's Discussion and Analysis ("MD&A") for additional information regarding our business relationships with these key customers.

Professional Services

We employ professional services experts globally who bring both deep domain expertise and a wide range of skills – including solution architecture, project management, systems implementation, system integration, and business consultancy – to every services project. We apply a structured methodology to each of our engagements, leveraging consistent world-class processes, best-practice program management, and systemized templates in the deployment of our solutions.

Sales and Marketing

We organize our sales efforts to customers primarily within our geographically dispersed, dedicated account teams, with senior level account managers who are responsible for winning new customers, expanding our business with existing customers, and renewing existing contracts. In addition, we have partnerships and alliances with leading industry participants. The account teams are supported by sales support personnel who are experienced in the various industry-leading solutions that we provide. And because our customers trust and depend on CSG, we have built a self-sustaining customer ecosystem that provides us with the opportunity to gain a greater share of our customers' IT spend by cross-selling more solutions to them.

In marketing, we have taken a digital-first approach aimed at identifying and accelerating opportunities through the pipeline by establishing CSG as an innovative, results-driven thought leader and proven partner in helping our customers solve their toughest business problems.

Competition

The market for our offerings is competitive and evolving. We compete with both independent providers and in-house developers of revenue management, digital monetization, customer experience, and payments systems. Our current competitors include companies who deliver on-premise bespoke custom offerings (i.e., Amdocs Limited, NEC Netcracker), software solutions (i.e., Salesforce, Adobe, Pegasystems, Twilio), internally developed enterprise applications, network operators (i.e., Ericsson, Huawei), cloud based vendors (i.e., Aria, Zuora, Salesforce), large outsourced transactional communications companies (i.e., Intrado, Genesys), systems integrators (i.e., Accenture, Tech Mahindra), large payments processors (i.e., FIS, Chase Payment Solutions), payments specialists (i.e., Stripe, Square), and niche players (i.e., Paymentus, Invoice Cloud).

Proprietary Rights and Licenses

We rely on a combination of trade secret, copyright, trademark, and patent laws in the U.S. and similar laws in other countries, and non-disclosure, confidentiality, and other types of contractual arrangements to establish, maintain, and enforce our intellectual property rights in our solutions. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented, or misappropriated. Although we hold a select number of patents and patent applications on some of our newer solutions, we do not rely upon patents as a primary means of protecting our rights in our intellectual property. In any event, there can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties. Also, much of our business and many of our solutions rely on key technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties at all or on reasonable terms. Our failure to adequately establish, maintain, and protect our intellectual property rights could have a material adverse impact on our business, financial position, and results of operations.

For a description of the risks associated with our intellectual property rights, see “Item 1A - Risk Factors – Failure to Protect Our Intellectual Property Rights or Claims by Others That We Infringe Their Intellectual Property Rights Could Substantially Harm Our Business, Financial Position and Results of Operations,” and “Item 1A - Risk Factors – We Rely on A Limited Number of Third-Party Vendor Relationships to Execute Our Business Which Exposes Us to Supply Chain Disruptions, Cost Increases, and Cyberattacks”.

Human Capital

We believe that our culture serves as a competitive differentiator in the marketplace and gives CSG a competitive edge. As a result, our success is dependent upon our ability to attract, develop, and retain this smart, talented, and inclusive team. We have introduced a framework that outlines our ethos for how we serve not only our customers and each other, but the greater communities in which we operate.

Our Purpose:

To envision, invent, and shape a better, more future-ready world.

Our Mission:

By channeling the power of all, we make ordinary customer and employee experiences extraordinary.

Our Guiding Principles:

Integrity: Be Authentic, Be Inclusive, Be Trusted Team Players

Inspiration: Be Bold, Be Inventive, Be Agile

Impact: Be Customer Obsessed, Be Game Changers, Be Drivers of Growth

At CSG, we believe in the power of all so much that it is a cornerstone of our mission statement. The power of all means that we draw on the experiences and innovations of the best, most diverse global talent to serve our customers. The power of all means we are mindful of living our guiding principles and creating an inclusive environment where team members around the world can reach their full potential by being valued for their authentic selves. And the power of all means that together, we strive to make a bigger difference in the communities in which we operate by envisioning, inventing, and shaping a better, more future-ready world.

Delivering on our greater purpose and mission at speed and scale while delighting our customers and being mindful of our team members' growth, wellbeing, and happiness requires a people and culture philosophy that accelerates sustainable growth and innovation through three pillars:

- **Leading the Future of Work** by fostering an industry leading employee experience focused on employee choice and flexibility, providing programs and events focusing on wellbeing and mental health of all team members, and inspiring collaborative and connected teams.

- **Winning with Talent** by attracting and retaining the best, most diverse global talent; accelerating time to productivity, integration, and engagement; embedding sustainability and inclusion considerations into our strategy; and ensuring our global team members thrive in an inclusive environment. In addition to our already competitive pay and benefits, we continue to introduce many new benefits and programs that are designed to promote mental and physical wellness.
- **Developing our People** into bold, agile, inventive team members and leaders; innovating talent development and succession planning; and expanding cross-company and cross-unit rotations and promotions is critical to the success of CSG and our employees. We continue to expand our personalized learning platform and internal talent marketplace, which allows employees to browse open roles, see their skills match for roles they might be interested in, and receive curated learning pathways designed to provide them the skills they need to take on more responsibility or move to an entirely different role or department.

We believe that our culture and our team members are a key reason our customers continue to rely on us to help them achieve their business goals and objectives and do business with us for years.

As of December 31, 2025, we employed over 5,500 people, of which approximately 47% were in our locations in Asia-Pacific and Australia, 35% were in our locations in North America, 10% were in our locations in Europe, the Middle East, and Africa, and 8% were in our locations in South and Central America.

As of December 31, 2025, our workforce was approximately 63% male and 37% female. The race/ethnicity of our U.S. workforce was 65% White, 13% Asian, 7% Hispanic or Latino, 6% Black or African American, 1% two or more races, <1% American Indian/Alaskan Native, <1% other, and 7% unknown or undeclared.

We believe our employee relations are good and we work hard to constantly improve in this area.

Sustainability and Social Responsibility

We aspire to envision, invent, and create a better, more inclusive, and future ready world by channeling the power of all. To accomplish that, we are focusing on these key areas:

Expanding Our Community Impact: We support Community Based Organizations (“CBOs”) that provide underrepresented communities with the opportunity to participate, thrive, and make a lasting impact across the globe. We continue to expand our partnerships with CBOs like Food Forward, WeMakeChange, WeHero, The Arbor Day Foundation, and Climate Impact Partners. In addition, we’ve continued our commitment to CSG’s Global Days of Action, where we give every team member an opportunity (two days of paid leave) to volunteer their time giving back to the community. In 2025, we launched our first Week of Kindness, further expanding our community impact.

Enhancing Our Environmental Stewardship: With employees in over 25 countries and serving customers globally, this is a vital and important focus area. We seek to work with partners that are committed to reducing and recycling waste, investing in green energy, and responsible sourcing to create a more sustainable future. Reducing global emissions is critical, and we have a goal to be carbon neutral for Scope 1 and 2 greenhouse emissions by 2035. With the goal of reducing our environmental impact, we’ve established a baseline to drive improvement in our environmental performance as part of our ongoing business strategy and operating methods. We completed our Double Materiality Assessment and in 2025 disclosed our Scope 3 GHG Emissions and began the process of establishing reduction targets.

Enabling Digital Inclusion: We strive to develop technological solutions that promote social progress and make navigating the digital world easier for anyone, anywhere in the world. We also believe that diverse experiences and perspectives help bring out the best ideas, drive innovation, and achieve transformative results to benefit the clients we serve. We are committed to digital inclusivity, doing the right thing for the users of our products, and taking action to improve the accessibility of our digital products and services.

Regulatory Matters

We are subject to numerous international, federal, state, and local laws and regulations. These laws and regulations govern matters that include environmental, employment, and occupational health and safety matters. Additionally, these laws and regulations also require us to obtain and comply with permits, registrations, and other authorizations issued by governmental authorities. These authorities can modify or revoke our permits, registrations, or other authorizations and can enforce compliance through fines and injunctions. We expect to incur ongoing costs to comply with existing and future requirements.

We are also subject to regulation by various U.S. federal regulatory agencies and by the applicable regulatory authorities in countries in which we operate. Additionally, as a U.S. entity operating through subsidiaries in non-U.S. jurisdictions, we are subject to foreign exchange control, transfer pricing, and custom laws that regulate the flow of funds between CSG and its subsidiaries. We are also required to comply with transfer pricing, securities laws, and other statutes and regulations, such as the Foreign Corrupt Practices Act ("FCPA"), and other countries' anti-corruption and anti-bribery laws.

In addition, we are subject to laws relating to information security, privacy, anti-money laundering, counter-terrorist financing, consumer credit, protection, and fraud. An increasing number of government and industry groups worldwide have established data privacy laws and standards for the protection of personal information, including financial information, social security numbers, and health information. We are also subject to labor and employment laws, including regulations established by the U.S. Department of Labor, the countries in which we do business, and other local regulatory agencies, which sets laws governing working conditions, paid leave, workplace safety, wage and hour standards, and hiring and employment practices.

We believe that our operations are in compliance with all applicable laws and regulations in all material respects, and that we hold all necessary permits to operate our business in each jurisdiction in which we operate. Laws and government regulations are subject to change and interpretation. In some cases, compliance with applicable laws and regulations may cause us to make additional capital and operational expenditures. While there are no current regulatory developments that we expect to be material to our results of operations, financial position, or cash flows, there can be no assurances that existing or future environmental laws or other regulations applicable to our operations would not lead to a material adverse impact on our results of operations, financial position, or cash flows.

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy materials, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available free of charge on our website at www.csgi.com. Information on our website is not incorporated by reference into this report and should not be considered part of this document. Additionally, these reports are available on the SEC's website at www.sec.gov.

Code of Conduct and Business Ethics

A copy of our Code of Conduct and Business Ethics (the "Code of Conduct") is maintained on our website. Any future amendments to the Code of Conduct, or any future waiver of a provision of our Code of Conduct, will be timely posted to our website upon their occurrence. Information on our website is not incorporated by reference into this report and should not be considered part of this document. Historically, we have had no waivers of a provision of our Code of Conduct.

Item 1A. Risk Factors

We or our representatives from time-to-time may make or may have made certain forward-looking statements, whether orally or in writing, including without limitation, any such statements made or to be made in MD&A contained in our various SEC filings or orally in conferences or teleconferences. We wish to ensure that such statements are accompanied by meaningful cautionary statements, so as to ensure, to the fullest extent possible, the protections of the safe harbor established in the Private Securities Litigation Reform Act of 1995.

We operate in rapidly changing and evolving markets throughout the world addressing the complex needs of industry leaders in the telecom, broadband, cable media, retail, healthcare, financial services, insurance, government, and other industries. As a result, new risk factors will likely emerge and currently identified risk factors will likely evolve in their scope. Further, as we enter new market sectors as well as new geographic markets, we could be subject to new regulatory requirements that increase the risk of non-compliance and the potential for economic harm to us and our customers. Accordingly, the risk factors and any forward-looking statements are qualified in their entirety by reference to, and are accompanied by, the following meaningful cautionary statements:

- If any of the following risk factors should occur, it could have a material adverse effect on our business, financial position, results of operations, and/or trading price of our common stock.
- This list of risk factors is not exhaustive, and management cannot predict all of the relevant risk factors, nor can it assess the potential impact, if any, of such risk factors on our business or the extent to which any risk factor, or combination of risk factors, may create.
- There can be no assurances that forward-looking statements will be accurate indicators of future actual results, and it is likely that actual results will differ from results projected in the forward-looking statements, and that such differences may be material.

Risks Related to the Proposed Merger

The Merger May Not Be Completed on the Terms or Timeline Currently Contemplated or at All, Which Could Adversely Affect Our Stock Price, Business, Financial Condition and Results of Operations.

On October 29, 2025, we entered into the Merger Agreement pursuant to which we have agreed to merge with Merger Sub and become a wholly owned subsidiary of Parent. The Merger Agreement provides that the consummation of the Merger is subject to certain conditions, including, among other things: (i) the adoption of the Merger Agreement and approval of the Merger by the holders of a majority of the outstanding Company Shares; (ii) the absence of any law or order prohibiting the consummation of the Merger; (iii) the expiration or early termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Waiting Period"), and the approval of the Merger under certain other applicable antitrust and foreign investment regimes; (iv) no Company Material Adverse Effect (as defined in the Merger Agreement) having occurred; (v) each party's compliance in all material respects with their respective covenants under the Merger Agreement; and (vi) the accuracy of the other party's representations and warranties, subject to certain standards set forth in the Merger Agreement. The HSR Waiting Period expired on January 5, 2026. In addition, on January 30, 2026, our stockholders adopted the Merger Agreement and approved the Merger at a special meeting of stockholders. While it is currently anticipated that the Merger will be consummated by the end of 2026, there can be no assurance that the remaining conditions will be satisfied in a timely manner or at all, or that an effect, event, development or change will not transpire that could delay or prevent these conditions from being satisfied.

If the Merger is not consummated for any reason, the trading price of our common stock may decline to the extent that the market price of the common stock reflects positive market assumptions that the Merger will be consummated, and the related benefits will be realized. We may also be subject to additional risks if the Merger is not completed, including:

- the requirement in the Merger Agreement that, under certain circumstances, we pay Parent a termination fee of \$82.0 million;
- incurring substantial costs related to the Merger, such as financial advisory, legal, accounting and other professional services fees that have already been incurred or will continue to be incurred until closing;
- limitations on our ability to attract and retain key personnel;
- reputational harm, including relationships with investors, customers, and business partners due to the adverse perception of any failure to successfully complete the Merger; and
- potential disruption to our business and distraction of our workforce and management team to pursue other opportunities that could be beneficial to us, in each case without realizing any of the benefits of having the Merger completed.

The Pendency of the Merger Could Negatively Impact Our Business, Financial Condition and Results of Operations.

The pendency of the Merger could adversely affect our business, financial condition, and results of operations and may result in our inability to hire, or the departure of, key personnel. In connection with the Merger, some of our customers, suppliers, vendors, and other business partners may delay or defer decisions or may end their relationships with us, which could negatively affect our revenue, earnings, and cash flows, regardless of whether the Merger is completed. Similarly, our current and prospective employees may experience uncertainty about their future roles with us following the Merger, which may materially adversely affect our ability to attract and retain key personnel during the pendency of the Merger. In addition, competitors may target our existing customers by highlighting potential uncertainty and integration difficulties that may result from the Merger.

Until the Completion of the Merger or the Termination of the Merger Agreement in Accordance with its Terms, We are Prohibited from Entering into Certain Transactions and Taking Certain Actions that Might Otherwise Be Beneficial to Us and Our Stockholders.

From and after the date of the Merger Agreement and prior to completion of the Merger, the Merger Agreement restricts us from taking specified actions without the consent of Parent and requires us to use commercially reasonable efforts to conduct our business in the ordinary course of business consistent with past practice. These restrictions may prevent us from making changes to our business or organizational structure or from pursuing business opportunities that may arise prior to the completion of the Merger. Adverse effects arising from these restrictions during the pendency of the Merger could be exacerbated by any delays in the consummation of the Merger or the termination of the Merger Agreement. Additionally, the Merger Agreement contains certain provisions that, subject to certain exceptions, limit our ability to solicit alternative acquisition proposals. It is possible that these or other provisions in the Merger Agreement might discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of our outstanding common stock from considering or proposing an acquisition or might result in a potential competing acquirer proposing to pay a lower per share price to acquire our common stock than it might otherwise have proposed to pay.

We Have Incurred, and Will Continue to Incur, Direct and Indirect Costs as a Result of the Merger.

We have incurred, and will continue to incur, significant costs and expenses, including regulatory costs, fees for professional services, and other transaction costs in connection with the Merger, for which we will receive little or no benefit if the Merger is not completed. There are a number of factors beyond our control that could affect the total amount or the timing of these costs and expenses. Many of these fees and costs will be payable by us even if the Merger is not completed and may relate to activities that we would not have undertaken other than to complete the Merger.

Litigation Challenging the Merger Agreement May Prevent the Merger from Being Consummated within the Expected Timeframe or at All.

Lawsuits may be filed in the future against us, the Board, or other parties to the Merger Agreement, challenging the adequacy of the proxy disclosures or making other claims in connection with the Merger. Such lawsuits may be brought by purported stockholders or other interested parties, seeking, among other things, to enjoin consummation of the Merger. One of the conditions to the consummation of the Merger is that the consummation of the Merger is not restrained, made illegal, enjoined or prohibited by any order or legal or regulatory restraint or prohibition of a court of competent jurisdiction or any governmental entity. As such, if the plaintiffs in such potential lawsuits are successful in obtaining an injunction prohibiting the defendants from completing the Merger on the agreed upon terms, then such injunction may prevent the Merger from becoming effective within the expected timeframe or at all. If the Merger is not completed, additional litigation could be initiated.

Even if Successfully Completed, There are Certain Risks to Our Stockholders from the Merger.

The amount of cash to be paid per share under the Merger Agreement is fixed at \$80.70 and will not be adjusted for changes in our business, assets, liabilities, prospects, outlook, financial condition, or operating results or in the event of any change in the market price of, analyst estimates of, or projections relating to, our common stock. The receipt of the all-cash per share merger consideration under the Merger Agreement is taxable to stockholders that are treated as U.S. holders for U.S. federal income tax purposes. If the Merger is completed, our stockholders will no longer hold an interest in the company and will forego the opportunity to realize the potential long-term value of the successful execution of our current strategy and the opportunity to participate in any other potential transactions that may have resulted in a higher price per share than the price to be paid in the transactions contemplated by the Merger Agreement.

Risks Related to Our Business

We Derive a Significant Portion of Our Revenue from a Limited Number of Customers, and the Loss of the Business of a Significant Customer Could Have a Material Adverse Effect on Our Financial Position and Results of Operations.

Over the past decade, the global communications industry has experienced significant consolidation, resulting in a large percentage of the market being served by a limited number of CSPs, with greater size and scale, and there are possibilities of further consolidation. A large percentage of our revenue is generated from a limited number of customers in the global communications industry, with our three largest customers being Charter, Comcast, and DISH Network L.L.C. Consistent with this market concentration, we generate over 35% of our revenue from our two largest customers, Charter and Comcast. See the Significant Customer Relationships section of MD&A for a brief summary of our business relationship with these customers.

There are inherent risks whenever a large percentage of total revenue is concentrated with a limited number of customers. Such risks include, but are not limited to, a significant customer: (i) undergoing a formalized process to evaluate alternative providers for solutions and services we provide; (ii) terminating or failing to renew their contracts with us, in whole or in part, for any reason; (iii) significantly reducing the number of customer accounts processed on our solutions, the price paid for our solutions and services, or the scope of solutions and services that we provide; or (iv) experiencing financial or operating difficulties. Any such development could have a material adverse effect on our financial position and results of operations and/or the trading price of our common stock.

Our industry is highly competitive, and as a result, it is possible that a competitor could increase its footprint and share of customers serviced at our expense, or a customer could develop their own internal solutions. While our customers may incur costs in switching to our competitors or developing their own solutions, they may do so for a variety of reasons, including: (i) price; (ii) dissatisfaction with our solutions or service levels, including our ability to adequately protect their data; or (iii) dissatisfaction with our relationship.

A Reduction in Demand for Our Revenue Management Platforms Could Have a Material Adverse Effect on Our Financial Position and Results of Operations.

Historically, a substantial percentage of our total revenue has been generated from our SaaS platforms and related solutions. Our platforms and solutions are expected to continue to provide a large percentage of our total revenue in the foreseeable future. Any significant reduction in demand for these products could have a material adverse effect on our business.

The Delivery of Our Solutions is Dependent on a Variety of Computing and Processing Environments and Communications Networks, Including Our Customer's Systems and Networks, Which May Not Be Available or May Be Subject to Security Attacks.

Our solutions are generally delivered through a variety of sources including public and hybrid cloud, third-party data center and other service providers, and internally operated computing and processing environments (collectively referred to hereafter in this section as "Systems"). We and/or end users are connected to the Systems through a variety of public and private communications networks, which we will collectively refer to herein as "Networks". Our solutions are generally considered to be mission critical customer management systems by our customers. As a result, our customers are highly dependent on the consistent availability and uncompromised security of the Networks and Systems to conduct their business operations.

Networks and Systems are subject to the risk of an extended interruption, outage, or security breach due to many factors such as: (i) changes to the Systems and Networks for such things as scheduled maintenance and technology upgrades, or conversions to other technologies, service providers, or physical location of hardware; (ii) failures or lack of continuity of services from public cloud or third-party data center and other service providers; (iii) defects and/or critical security vulnerabilities in software program(s); (iv) human and machine error; (v) acts of war and/or nature; (vi) intentional, unauthorized attacks from computer "hackers", or cyber-attacks; and (vii) using the Systems to perpetrate identity theft through unauthorized authentication to our customers' customers' accounts.

The global marketplace continues to experience an ever-increasing exposure to both the number and severity of cyber-attacks. In particular, ransomware attacks are increasingly prevalent and can lead to significant reputational harm, loss of data, operational disruption, and significant monetary loss. Organized criminals, nation state threat actors, and motivated hacktivists have the possibility of impacting our Systems, Networks, data, and business operations, as well as our customers' systems, networks, data, and business operations. Neither we, nor our customers, may be able or willing to respond to any such attacks due to policy, laws, regulations, or other reasons. In addition, we continue to expand our use of third-party Systems and Networks with our solution offerings thereby permitting, for example, our customers' customers to access our cloud solutions to review account balances, order services, or execute similar account management functions. Increased access to Networks and Systems has the potential to increase their vulnerability to unauthorized access and corruption, as well as increasing the dependency of the Systems' reliability on the availability and performance of our cloud solutions and end users' infrastructure they obtain through other third-party providers.

The method, manner, cause, and timing of an extended interruption, outage, or security breach in third-party and/or the Networks or Systems are impossible to predict. As a result, there can be no assurances that these Networks and Systems will not fail or suffer a security breach or that the third-party and/or our business continuity or remediation plans will adequately mitigate the negative effects of a disruption or security breach to the Networks or Systems. Further, our property, technology errors and omissions, contractual relationship with third-party providers, and business interruption insurance may not adequately compensate us for losses that we incur as a result of such interruptions or security breaches. Should the Networks or Systems: (i) experience an extended interruption or outage; (ii) have their security breached; (iii) have their data lost, corrupted or otherwise compromised; and/or (iv) fail to meet contractual requirements related to our cybersecurity program, it would impede our ability to meet our delivery obligations, and likely have an immediate impact to the business operations of our customers. In addition, this would most likely result in damaging our reputation as well as our long-term ability to attract and retain new customers. The loss of confidential information could result in losing the customers' confidence, as well as claims for contractual breach, and imposition of penalties, fines, and/or damages. These risks will increase as our business continues to expand to include new solutions, technologies, verticals, and markets. Additionally, any of the events described above could cause our customers to make claims against us for damages allegedly resulting from a security breach or service disruption. These risks, individually or collectively, could result in an adverse material impact to our business.

We May Not Be Able to Efficiently and Effectively Implement New Solutions or Migrate Customers and Merchants onto Our Solutions.

Our continued growth plans include the implementation of new solutions, as well as migrating both new and existing customers and merchants to our solutions. Such implementations or migrations (collectively referred to hereafter in this section as "implementations"), regardless of whether they involve new solutions or new customers, have become increasingly more difficult because of the sophistication, complexity, interdependencies of the various software and network environments, and the impact to our customers' and merchants' underlying business processes. In addition, the complexity of the implementations increases when the arrangement includes other vendors participating in the project, including but not limited to, prime and subcontractor relationships with our company. For these reasons, implementations subject our customers and merchants to potential business disruption, which could cause them to delay or even cancel future implementations.

As a result, there is a risk that we may experience cancellations, delays, changes in scope, or unexpected costs associated with implementations. In addition, our inability to complete implementations in an efficient and effective manner could damage our reputation in the global marketplace, adversely impacting our financial results and/or reducing our opportunity to grow our organic business with both new and existing customers and merchants.

We May Not Be Able to Respond to Rapid Technological Changes.

The market for our solutions is characterized by rapid changes in technology and is highly competitive with respect to the need for timely innovations and new product and technology introductions. As a result, we believe that our future success in sustaining and growing our revenue depends upon: (i) our ability to continuously expand, adapt, modify, maintain, and operate our solutions to address the increasingly complex and evolving needs of our customers without sacrificing the reliability or quality of the solutions; (ii) the integration of acquired technologies and their widely distributed, complex worldwide operations; and (iii) creating and maintaining an integrated suite of products and technologies which are portable to new verticals. In addition, the market is demanding that our solutions have greater architectural flexibility and interoperability, and that we are able to meet the demands for technological advancements to our solutions at a greater pace. Our attempts to meet these demands subject our R&D efforts to greater risks. As a result, substantial and effective R&D and solution investment will be required to maintain the competitiveness of our solutions in the market. Technical problems may arise in developing, maintaining, integrating, and operating our solutions as the complexities continue to increase. Development projects can be lengthy and costly, and may be subject to changing requirements, programming difficulties, a shortage of qualified personnel, and/or unforeseen factors which can result in delays. In addition, we may be responsible for the implementation of new solutions and/or the conversion of customers to new solutions, and depending upon the specific solution, we may also be responsible for operations of the solution.

There is an inherent risk in the successful development, implementation, migration, integration, and operation of our solutions as the technological complexities, and the pace at which we must deliver these solutions to market, continue to increase. The risk of making an error that causes significant operational disruption to a customer, or results in incorrect processing of customer or vendor data that we perform on behalf of our customers, increases proportionately with the frequency and complexity of changes to our solutions and new delivery models. There can be no assurance: (i) of continued market acceptance of our solutions; (ii) that we will be successful in the development of enhancements or new solutions that respond to technological advances or changing customer needs at the pace the market demands; or (iii) that we will be successful in supporting the implementation, conversion, integration, and/or operations of enhancements or new solutions.

We Use Artificial Intelligence in Our Business and Solutions and May Have Challenges with Properly Managing its Use Resulting in Operational, Financial, and Other Adverse Consequences to Our Business.

We have been and expect to continue to use artificial intelligence (“AI”) in our solutions and other third-party products that support our business. This technology continues to evolve at a rapid pace and presents a number of risks inherent in its use, including risks related to cybersecurity, data privacy, ethics, and intellectual property ownership. Additionally, AI algorithms are based on machine learning and predictive analytics, which can create accuracy issues and unintended biases. Further, our competitors or other third parties may incorporate AI into their business and solutions more rapidly or more successfully than us, which could hinder our ability to compete effectively. The technologies underlying AI and their use cases are rapidly developing, and it is not possible to predict all of the legal, operational, or technological risks related to the use of AI. Implementing the use of AI successfully, ethically, and as intended, requires significant resources, including having the technical competency and expertise required to develop, test, and continuously monitor our solutions.

The rapid expansion of AI capabilities increases the risk of unintended or unauthorized use of data in AI models. AI models, whether developed internally or provided by third parties, can inadvertently ingest, retain, or generate outputs based on personal information, confidential customer information, proprietary code, or other sensitive business data. If our workforce or our vendors use AI tools in a manner inconsistent with our policies, contractual obligations, or applicable laws, we could experience unauthorized data exposure, improper data use, loss of intellectual property protections, or the inclusion of protected information in AI training datasets. Such events may result in regulatory scrutiny, contractual liability, reputational harm, or limitations on our ability to deploy certain AI-enabled solutions.

Rapid developments in AI, including generative AI and autonomous agentic tools, may also significantly change how our current and potential customers design, develop, and operate technology solutions. AI capabilities may enable customers to build, configure, or automate certain functions that are currently provided by our SaaS platforms and related solutions. These trends could reduce demand for certain of our current products and services, lengthen or complicate customers’ buying decisions, and/or adversely affect our ability to win new business or maintain existing relationships.

Additionally, the use of AI technology by our workforce may expose us to additional risks. We have established an AI governance framework specifically directed at the use of AI tools in our workplace. However, our workforce may be exposed to potential risks related to the protection of data, including cybersecurity risk, exposure of our proprietary confidential information to unauthorized recipients, and the misuse of our third-party intellectual property. AI technology may also produce inaccurate responses that could lead to errors in our decision-making, solution development, or other business activities, which could have a negative impact on our business, operating results, and financial condition. Our ability to mitigate these risks will depend on our continued effective training, monitoring, and enforcement of appropriate policies and guidelines governing the use of AI technologies.

We expect that there will continue to be new laws or regulations implemented concerning the use of AI. It is possible that certain governments may seek to regulate, limit, or block the use of AI in our solutions or otherwise impose other restrictions that may hinder the usability or effectiveness of our solutions. Any failure to successfully or ethically implement the use of AI into our operations or our products could result in an adverse material impact to our business or to a third party and could cause reputational harm to our business.

We May Incur Material Restructuring or Reorganization Charges in the Future.

In the past, we have recorded restructuring and reorganization charges related to involuntary employee terminations, various facility abandonments, and various other restructuring and reorganization activities. We continually evaluate ways to reduce our operating expenses through restructuring plans, including more effective utilization of our assets, workforce, and operating facilities. As a result, there is a risk, which is increased during economic downturns and with expanded global operations, that we may incur material restructuring or reorganization charges in the future.

We Rely on A Limited Number of Third-Party Vendor Relationships to Execute Our Business Which Exposes Us to Supply Chain Disruptions, Cost Increases, and Cyberattacks.

We rely on third-party providers for software, distributed computing infrastructure environments (or commonly referred to as “cloud” computing services), processing, and other suppliers to deliver our solutions to our customers. Our ability to deliver according to our contractual commitments and market demands depends significantly on being able to obtain the necessary licenses, components, computing capacity, and other vital services and supplies as needed and on competitive terms. Our growth and ability to meet customer demands depend in part on our ability to obtain timely deliveries from our suppliers and partners. In addition, if a third party were to experience a material breach of their information technology systems which results in the unauthorized access, theft, use, destruction, or unauthorized disclosures of customers' or employees' data or confidential information of the Company stored in such systems, including through cyberattacks or other external or internal methods, it could result in a material loss of revenue from the potential adverse impact to our reputation, our ability to retain or attract new customers, potential disruption or loss of services from the vendor and disruption to our business. Such a breach could also result in contractual claims, and it could lead to our being named as a party in litigation brought by or on behalf of impacted individuals. Although we strive to avoid single-source supplier solutions, this is not always possible. Failure by any of our third-party vendors could interrupt our operations and the delivery of our solutions, and/or substantially increase our costs. Additionally, if these third-party vendors decide to significantly increase our costs, due to inflationary pressures or otherwise, it could have an adverse financial impact to our business as we may have limited third-party options and the ability to shift to a competing solution, or redesign our solutions would take considerable time, effort, and money.

Our Global Operations Subject Us to Additional Risks.

We currently conduct a portion of our business outside the U.S. We are subject to certain risks associated with operating globally including the following items:

- Our solutions may not meet local or legal requirements;
- Fluctuations and unexpected changes in foreign currency exchange rates that may be due to inflation, interest rate spreads, and geopolitical events;
- Staffing and managing of our global operations at a reasonable cost;
- Longer sales cycles for new contracts;
- Longer collection cycles for customer billings or accounts receivable, as well as heightened customer collection risks, especially in countries with high inflation rates and/or restrictions on the movement of cash or certain currencies out of the country;
- Trade barriers;
- Governmental and economic sanctions;
- Complying with varied legal and regulatory requirements across jurisdictions;
- Growing requirements related to human rights and occupational safety and health;
- Reduced protection for intellectual property rights in some countries;
- Inability to recover value added taxes and/or goods and services taxes in foreign jurisdictions;
- Political and financial instability and threats of terrorism and/or war;
- A potential adverse impact to our overall effective income tax rate resulting from, among other things:
 - Operations in foreign countries with higher tax rates than the U.S.;
 - The inability to utilize certain foreign tax credits; and
 - The inability to utilize some or all losses generated in one or more foreign countries.

One or any combination of these or other risks could have an adverse impact on our operations and business.

Failure to Deal Effectively with Fraud, Fictitious Transactions, Bad Transactions, and Negative Experiences Could Increase Our Loss Rate and Harm Our Payments Business, and Could Severely Diminish Merchant and Consumer Confidence in and Use of Our Services.

In the event that merchants do not fulfill their obligations to consumers, or a consumer disputes a transaction for various reasons, we may incur losses as a result of chargebacks and/or claims from consumers. We would seek to recover such losses from the merchant; however, we may not be able to recover the amounts in full if the merchant is unwilling or unable to pay or the deposit does not cover the losses, but we are still required to meet obligations with our banks and card brands we serve. While we have established financial reserves based on assumptions and estimates that we believe are reasonable to cover such eventualities, these reserves for individual merchants may be insufficient. We may also incur losses from claims that the consumer did not authorize the purchase, from consumer fraud, from erroneous transactions, and as a result of consumers who have closed bank accounts or have insufficient funds in their bank accounts to satisfy payments. In addition, if losses incurred by us related to payment card transactions become excessive, we could lose the ability to process credit card transactions, which would significantly impact our payments business. We have taken measures to detect and reduce the risk of fraud, including underwriting and risk management procedures and processes. These measures need to be continually updated to address emerging means of perpetrating fraud or to accommodate new solution offerings, but the increase in costs could adversely impact our business.

Our Use of Open Source Software May Subject Us to Certain Intellectual Property-Related Claims or Require Us to Re-Engineer Our Software, Which Could Harm Our Business.

We use open source software in connection with our solutions, processes, and technology. Companies that use or incorporate open source software into their solutions have, from time to time, faced claims challenging their use, ownership and/or licensing rights associated with that open source software. As a result, we could be subject to suits by parties claiming certain rights to what we believe to be open source software. Some open source software licenses require users who distribute open source software as part of their software to publicly disclose all or part of the source code in their software and make any derivative works of the open source code available on unfavorable terms or at no cost. In addition to risks related to license requirements, use of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties, support, or controls with respect to origin of the software. Use of open source software also complicates compliance with export-related laws. While we take measures to protect our use of open source software in our solutions, and comply with applicable laws, open source license terms may be ambiguous, and many of the risks associated with usage of open source software cannot be eliminated. If we were found to have inappropriately used open source software, we may be required to release our proprietary source code, re-engineer our software, discontinue the sale of certain solutions in the event re-engineering cannot be accomplished on a timely basis, or take other remedial action that may divert resources away from our development efforts.

Failure to Protect Our Intellectual Property Rights or Claims by Others That We Infringe Their Intellectual Property Rights Could Substantially Harm Our Business, Financial Position and Results of Operations.

We rely on a combination of trade secret, copyright, trademark, and patent laws in the U.S. and similar laws in other countries, and non-disclosure, confidentiality, and other types of contractual arrangements to establish, maintain, and enforce our intellectual property rights in our solutions. Despite these protective measures, any of our intellectual property rights could be challenged, invalidated, circumvented, or misappropriated. Further, our contractual arrangements may not effectively prevent disclosure of our confidential information or provide an adequate remedy in the event of unauthorized disclosure of our confidential information. Others may independently discover trade secrets and proprietary information, which may complicate our assertion of trade secret rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position. In addition, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the U.S. Therefore, in certain jurisdictions, we may be unable to protect our proprietary technology adequately against unauthorized third party copying or use, which could adversely affect our competitive position.

Although we hold a limited number of patents and patent applications on some of our solutions, we do not rely upon patents as a primary means of protecting our rights in our intellectual property. In any event, there can be no assurance that our patent applications will be approved, any issued patents will adequately protect our intellectual property, or such patents will not be challenged by third parties. Also, much of our business and many of our solutions rely on key technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties at all or on reasonable terms.

Finally, third parties may claim that we, our customers, licensees, or other parties indemnified by us, are infringing upon their intellectual property rights. Even if we believe that such claims are without merit, they can be time consuming and costly to defend and can divert management and technical staff attention and resources. Claims of intellectual property infringement also might require us to redesign affected solutions, enter into costly settlement or license agreements or pay material damage awards, or face a temporary or permanent injunction prohibiting us from marketing or selling certain of our solutions. Even if we have an agreement to indemnify us against such costs, the indemnifying party may be unable to uphold its contractual obligations. If we cannot or do not license the infringed technology on reasonable pricing terms or at all, or substitute similar technology from another source, our business could be adversely impacted. Our failure to adequately establish, maintain, and protect our intellectual property rights could have a material adverse effect on our business.

We May Not Be Successful in the Integration or Achievement of Financial Targets of Our Acquisitions.

As part of our growth strategy, we seek to acquire assets, technology, access to new markets, human capital talent, and businesses which will provide the technology and personnel to expedite our solutions and services development efforts, provide complementary solutions, or provide access to new markets and customers.

Acquisitions involve a number of risks and potential disruptions, including: (i) expansion into new markets and business ventures; (ii) the requirement to understand local business practices; (iii) the diversion of management's attention to the integration of acquired operations and personnel; (iv) being bound by acquired customer or vendor contracts with unfavorable terms; and (v) potential adverse effects on a company's operating results for various reasons, including, but not limited to, the following items: (a) the inability to achieve financial targets; (b) the inability to achieve certain integration expectations, operating goals, and synergies; (c) costs incurred to exit current or acquired contracts or restructuring activities; (d) costs incurred to service acquisition debt, if any; and (e) the amortization or impairment of acquired intangible assets.

Due to the multiple risks and potential disruptions associated with any acquisition, there can be no assurance that we will be successful in achieving our expected strategic, operating, and financial goals for any such acquisition(s).

Our Alliances with Strategic Partners Could Put Our Business at Risk if the Partner Does Not Perform as Expected.

We rely on long-term strategic partnerships and alliances with leading industry participants to develop new technologies, deliver large customer implementations and products, and execute strategic growth. If our strategic partners encounter financial or other business difficulties, if their strategic objectives change, or if they no longer perceive us to be an attractive alliance partner, they may no longer desire or be able to participate in our partnerships and alliances. Our business could be hurt if we are unable to continue one or more of our alliances. We participate in large projects where various other companies provide services and products that are integrated into systems to meet customer requirements. If any of the services or products that any other company provides have any defects or problems causing the integrated systems to malfunction or otherwise fail to meet customer requirements, our reputation and business could be harmed.

Risks Related to Our Industry***Our Business is Highly Dependent on the Global Communications Industry.***

Since a large percentage of our revenue is generated from customers that operate within the global communications industry, we are highly dependent on the health and the business trends occurring within this industry (in particular for our North American cable and satellite customers). Key factors within this industry that could potentially impact our customers' businesses, and thus, our business, are as follows:

- **Key Market Conditions:** The global communications industry has undergone significant fluctuations in growth rates and capital investment cycles in the past decade.

In addition, changes in demand or customer preferences for traditional services for CSPs are causing them to seek new revenue sources, while also managing their cost structure and quality of service delivery during their business transformation. The result is that many CSPs are delaying investment decisions on legacy systems, directing investment towards internal development and engineering efforts and making investments in new solutions to drive their business forward into new areas. However, cost pressures and/or our ability to develop solutions to meet their future needs may begin to cause a decline in new revenue opportunities and adversely impact our business.

- **Market Consolidation:** The pace of consolidation within the industry continues to accelerate as CSPs look to increase the scale of their operations and footprint within the entire digital communications ecosystem. Potential byproducts of this consolidation that could impact us are as follows: (i) there could be fewer providers in the market, each with potentially greater bargaining power and economic leverage due to their larger size, which may result in our having to lower our prices to remain competitive, retain our market share, or comply with the surviving customer's current more favorable contract terms; and (ii) the controlling entity in a consolidation that is not our current customer, may acquire one of our existing customers and choose to consolidate both entities onto the controlling entity's customer management platform, thus reducing and possibly eliminating our business with our existing customer.

Also, as consolidated entities execute on their revenue and operational synergies, there is generally a slowdown in decision-making on discretionary spending and/or on new business initiatives which could adversely impact our quarterly and annual financial results.

- **Competition:** Our customers operate in a highly competitive environment. Our competitors include companies who deliver on-premise bespoke custom offerings (i.e., Amdocs Limited, NEC Netcracker), software solutions (i.e., Salesforce, Adobe, Pegasystems, Twilio), internally developed enterprise applications, network operators (i.e., Ericsson, Huawei), large outsourced transactional communications companies (i.e., Intrado, Genesys), systems integrators (i.e., Accenture, Tech Mahindra) and large payments processors (i.e., FIS, Chase Payments Solutions) and payments specialists (i.e., Stripe, Square) and niche players (i.e., Paymentus, Invoice Cloud). Should these competitors be successful in their strategies, it could threaten our customers' market share, pricing power, and level of services delivered. These threats could negatively impact our customers' revenue, putting pressure on our source of revenue, as generally speaking, these companies do not use our core solutions and there can be no assurance that new entrants will become our customers. In addition, demand for spectrum, network bandwidth and content continue to increase and any changes in the regulatory environment could have a significant impact to not only our customers' businesses, but in our ability to help our customers be successful.

The above industry factors are impacting our customers' businesses, and thus could cause delays, cancellations/loss of business, and/or downward pricing pressure on our sales and services. This could cause us to either fall short of revenue expectations or have a cost model that is misaligned with revenue.

We Face Significant Competition in Our Industry.

The market for our solutions is highly competitive. We directly compete with both independent providers and in-house solutions developed by existing and potential customers. In addition, some independent providers are entering into strategic alliances with other independent providers, resulting in either new competitors, or competitors with greater resources. Many of our current and potential competitors have significantly greater financial, marketing, technical, and other competitive resources than our Company, many with significant and well-established domestic and international operations. There can be no assurance that we will be able to compete successfully with our existing competitors or with new competitors.

Risks Related to Laws and Regulations

The Occurrence or Perception of a Security Breach or Disclosure of Confidential Personally Identifiable Information Could Harm Our Business.

In providing solutions to our customers, we transmit, use, store and otherwise process, confidential and personally identifiable information ("PII") including health, financial, and other personal information. Our treatment of such information is subject to contractual restrictions and federal, state, and foreign data privacy laws and regulations, which continue to evolve resulting in greater scrutiny and regulation over the protection of PII.

In response to these evolving restrictions and regulations (which include, without limitation, the Health Insurance Portability and Accountability Act ("HIPAA"), the Health Information Technology for Economic and Clinical Health Act ("HITECH"), the California Consumer Privacy Act ("CCPA"), the Gramm-Leach-Bliley Act ("GLBA"), and other U.S. federal and state privacy laws and regulations, the European Union's General Data Protection Regulation ("EU GDPR"), the United Kingdom's GDPR ("UK GDPR"), the South Africa Protection of Personal Information Act ("POPIA"), the Brazilian General Data Protection Law ("LGPD"), the Colombian General Data Protection Law ("GDPL") and other global privacy laws and regulations), we have implemented and maintain administrative, technical, and physical security measures and it is our standard practice to contractually require our service providers to whom we disclose data (including PII) to implement and maintain reasonable privacy, data protection, and information security measures, in each case to protect against loss, theft, misuse, or unauthorized access to or disclosure of such information, and otherwise comply with these laws and regulations. These measures include standard industry practices (e.g., payment card industry ("PCI") requirements, ISO/IEC 27001), periodic security reviews of our systems by independent parties, secure development practices, network firewalls, policy directives, procedural controls, training of our personnel, intrusion detection systems, and antivirus applications. However, due to the inherent risks and complexities of defending against cybercrime and other information security incidents, these measures may fail to adequately protect this information. Any failure on our part to protect the security and privacy of PII and other confidential information, or otherwise comply with data privacy laws and regulations, may subject us to contractual liability and damages, loss of business, damages from individual claimants (including class action litigation), substantial fines/penalties, criminal prosecution, and unfavorable publicity.

Even the mere perception of a security breach or inadvertent disclosure of PII could damage our reputation and inhibit market acceptance of our solutions. In addition, third-party vendors that we engage to perform services for us may unintentionally release PII or otherwise fail to comply with applicable laws and regulations. Under our terms of service and our contracts with customers, if there is a breach of PII that we process, we could be liable to the customer for their losses and related expenses. As new laws and regulations emerge and evolve and as our business continues to expand to include new products and technologies, these risks will likely continue to increase, and our compliance costs are likely to increase as well. Bad actors, individual and state-sponsored, will increasingly attempt to compromise our security controls or gain unauthorized access to our, and our customers', sensitive information and PII. Further, because a significant number of our employees work remotely, these security risks may increase. We have implemented heightened monitoring of our Networks and Systems, but cannot guarantee that our efforts, or those of third parties on whom we rely on or with whom we partner, will be successful in preventing any such information security incidents or attacks.

We May Be Subject to Enforcement Actions or Financial Penalties with Payments Regulation in the U.S.

Many states in which we operate have laws that govern payments activities and have implemented various definitions and licensing requirements for entities deemed to be money transmitters. These licenses require us to maintain certain financial metrics, file periodic reports, and subject us to inspections by state regulatory agencies.

There are substantial costs and potential solution changes involved in maintaining such licenses, and we could be subject to fines or other enforcement action if we are found to have violated applicable federal, state, and local laws and regulations, including those related to licensing and supervision, anti-money laundering, the Bank Secrecy Act, financial privacy, and cybersecurity and data security. These factors could impose substantial additional costs and involve considerable delay to the development or provision of our solutions or services, or could require significant and costly operational changes or prevent us from providing our solutions or services in a given market. In addition, as we continue to provide new services, these limitations may adversely affect our ability to grow our business. Further, laws governing payments activities may evolve and changes in such laws could affect our ability to provide our solutions or services in the same form and on the same terms as we have historically, or at all.

We may also be subject to card association and network rules and requirements, and violations of such rules and requirements could result in fines or the inability to use third-party networks to conduct our business.

We Are Subject to Various Anti-Money Laundering and Counter-Terrorist Financing Laws and Regulations.

We are subject to various anti-money laundering ("AML") and counter-terrorist financing laws and regulations that prohibit, among other things, our involvement in processing the proceeds associated with criminal activities. We maintain AML Compliance Policies and Procedures applicable to our payments processing business which policies are intended to comply with any applicable U.S. federal and foreign requirements. The laws or their application, our interpretation of the laws, and/or our services may change such that we could be subject to additional regulation and incur additional costs of compliance. We may not be able to meet additional regulatory requirements or the cost of adhering to such requirements could be substantial or could severely impact our ability to continue to maintain and/or grow our payments processing business or retain merchants or partners. The regulations of other countries and/or increased compliance costs associated with such regulations could prevent us from entering new markets for our services.

Our Global Operations Require Us to Comply with Applicable U.S. and International Laws and Regulations.

Doing business on a global basis requires our Company and our subsidiaries to comply with the laws and the regulations of the U.S. government and various international jurisdictions. In addition, the number of countries enacting anti-corruption laws and related enforcement activities is increasing. These regulations place restrictions on our operations, trade practices and trade partners, as such we may face increasing compliance and legal costs in operating our trade compliance program. In particular, our global operations are subject to U.S. and foreign anti-corruption laws and regulations such as the Foreign Corrupt Practices Act ("FCPA"), the U.K. Anti-Bribery Act and economic sanction programs administered by the Office of Foreign Assets Control ("OFAC").

The FCPA prohibits us from providing anything of value to foreign officials for the purposes of influencing official decisions or obtaining or retaining business. In addition, the FCPA imposes accounting standards and requirements on publicly traded U.S. corporations and their foreign affiliates, which are intended to prevent the diversion of corporate funds to the payment of bribes and other improper payments, and to prevent the establishment of "off books" slush funds from which such improper payment can be made. As part of our business, we regularly deal with state-owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA. In addition, some of the international locations in which we operate lack a developed legal system and have higher than normal levels of corruption. We require compliance from our personnel and third-party sales representatives with the requirements of the FCPA and other anti-corruption laws, including, but not limited to their reporting requirements. We have also developed and will continue to develop and implement systems for formalizing contracting processes, performing due diligence on agents and partners while improving our recordkeeping and auditing practices regarding these regulations. However, there is no guarantee that our employees, third-party sales representatives, or other partners have not or will not engage in conduct undetected by our processes and for which we might be held responsible under the FCPA or other anti-corruption laws.

Economic sanctions programs restrict our business dealings with certain countries and individuals. As a global provider, we are exposed to a heightened risk of violating OFAC regulations. Violations of these laws and regulations are punishable by civil penalties, including fines, injunctions, asset seizures, debarment from government contracts and revocations or restrictions of licenses, as well as criminal fines and imprisonment. While we actively screen and monitor the global companies and individuals that we do business with, utilizing a risk-based approach, there is no guarantee that we have not or will not, through the lack of accurate information, changing customer business structures, process failure, oversight, or error, have violations occur.

General Risks

Our Business may be Adversely Impacted by Certain Geopolitical, Global Market, and Economic Conditions.

Current geopolitical and economic uncertainties, including inflation, tariffs, and changes in trade policy, supply chain disruptions, and labor shortages, could adversely affect our business. The potential impact to our business could depend on multiple factors, including the duration and potential expansion of tariffs, retaliatory measures by impacted exporting countries, inflationary effects, and broader macroeconomic responses. Downturns in these conditions may result in rising inflation rates and interest rates, slower or deferred customer buying decisions, and pricing pressures that may adversely affect our ability to generate profitable revenue and sustain revenue growth. Macroeconomic conditions, including geopolitical events, or other global or regional events such as pandemics, and foreign exchange rate fluctuations, can impact our customers' businesses and their willingness to make investments in technology, which in turn may delay or reduce the purchases of our solutions, as well as their ability to pay amounts due. Additionally, market disruptions may limit our ability to access financing or increase our cost of financing to meet liquidity needs. Because we cannot predict the impact these events could have on current economic conditions or our business, there is no assurance that we will be able to fully mitigate the financial and competitive impacts related to such uncertainties, any of which could have a material adverse effect on our results of operations.

Failure to Attract and Retain Our Key Management and Other Highly Skilled Personnel Could Have a Material Adverse Effect on Our Business.

Our future success depends in large part on the continued service of our key management, sales, product development, professional services, and operational personnel. We believe that our future success also depends on our ability to attract and retain a diverse, highly skilled technical, managerial, operational, and sales and marketing personnel, including, in particular, personnel in the areas of R&D, professional services, and technical support. Competition for qualified personnel at times can be intense, particularly in the areas of R&D, conversions, software implementations, and technical support, which could lead to increased costs to attract and/or retain personnel. This risk is heightened with a widely dispersed customer base and employee populations, and potential inflationary pressures on wages. In addition, this risk may be exacerbated in light of the pendency of the Merger, during which time prospective and current employees may experience uncertainty about their future roles with us following the Merger. For these reasons, we may not be successful in attracting and retaining the personnel we require, which could have a material adverse effect on our ability to meet our commitments and new solution delivery objectives.

Variability of Our Quarterly Revenue and Our Failure to Meet Revenue and Earnings Expectations Would Negatively Affect the Market Price of Our Common Stock.

From time to time, we may experience variability in quarterly revenue and operating results. Common causes of failure to meet revenue and operating profit expectations include, among others:

- Inability to close and/or recognize revenue on certain transactions, such as the Merger, in the period originally anticipated;
- Inability to accurately forecast payments transaction volumes and related transaction costs;
- Delays in renewal of multiple or individually significant agreements;
- Inability to renew existing customer or vendor arrangements at anticipated rates;
- Delays in timing of implementation or changes in scope of significant projects or arrangements;
- Inability to meet customer expectations materially within our cost estimates;
- Changes in spending and investment levels;
- Inflationary pressures;
- Significant increase in our cost of borrowing;
- Foreign currency fluctuations; and
- Economic and political conditions.

Should we fail to meet our revenue and earnings expectations of the investment community, by even a relatively small amount, it could have a disproportionately negative impact upon the market price of our common stock.

Changes in Tax Laws and Regulations Could Adversely Affect Our Results of Operations and Financial Position.

Our operations are subject to tax by federal, state, local, and international taxing jurisdictions. Tax laws are subject to change as new laws are passed and new interpretations of the law are issued or applied. Such changes may be effective on a prospective or retrospective basis and may have a significant impact on our effective tax rate and/or the amount of taxes we pay. In addition, tax laws and regulations are extremely complex and subject to varying interpretations and examination. There can be no assurance that our tax positions will not be challenged by relevant tax authorities or that we would be successful in any such challenge.

Our Business May Be Disrupted and Our Results of Operations and Cash Flows May be Adversely Affected by a Global Pandemic.

The significance of the impact of a global pandemic on our operations depends on numerous evolving factors that we may not be able to accurately predict or effectively respond to, including, among others:

- the effect on global economic activity and the resulting impact on our customers' businesses, their credit and liquidity, and their demand for our solutions and services, as well as their ability to pay;
- our ability to deliver and implement our solutions in a timely manner, including as a result of supply chain disruptions and related cost increases; and
- actions taken by U.S., foreign, state, and local governments, suppliers, and individuals in response to the outbreak.

While we have significant sources of cash and liquidity and access to a committed credit line, a prolonged period of generating lower cash from operations could adversely affect our financial condition and the achievement of our strategic objectives.

We are Subject to a Series of Risks Associated with Our Environmental, Social, and Governance Initiatives and Sustainability Commitments.

As part of the growing interest in environmental, social, and governance (“ESG”) matters, we face increased scrutiny and changing expectations from a variety of stakeholders related to our ESG practices. Additionally, we anticipate that we will become subject to changes in regulation and disclosure requirements related to ESG matters, including environmental and social topics. Although we have engaged in certain ESG-related voluntary disclosures on goals and commitments, there can be no assurances that stakeholders will be satisfied with our efforts. Additionally, our ability to achieve these goals and commitments is subject to numerous risks and uncertainties, many of which are outside of our control. If we fail to meet any of our goals and commitments, or if there are unfavorable stakeholder perceptions of our ESG efforts, we may be subject to various adverse impacts to our business, reputational harm, or legal liability. There are also changing expectations for ESG-related disclosures that may be required by regulators. Any changes in laws, regulations, or customer requirements could result in significant revisions to our current goals and commitments, reported progress, or ability to achieve such goals and commitments in the future. Furthermore, the application of these laws and regulations to our business is often unclear and may at times conflict. Compliance with the applicable regulatory requirements may be onerous, time-consuming, and expensive, especially when these requirements vary from jurisdiction to jurisdiction or where the jurisdictional reach of certain requirements is not clearly defined. Non-compliance with the applicable laws or regulations could result in fines, damages, business restrictions, and damage to our reputation.

Substantial Impairment of Goodwill and Long-lived Assets in the Future May Be Possible.

As a result of various acquisitions and the growth of our Company over the last several years, as of December 31, 2025, we have approximately \$179 million of long-lived assets other than goodwill (principally, property and equipment, operating lease right-of-use assets, software, acquired customer contracts, and customer contract costs) and approximately \$325 million of goodwill. Long-lived assets are required to be evaluated for possible impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable and goodwill is tested for impairment at least annually, and more frequently if there are signs of impairment. We utilize our market capitalization, third party valuation and/or cash flow models as the primary basis to estimate the fair value amounts used in our impairment valuations. If an impairment was to be recorded in the future, it could materially impact our results of operations in the period such impairment is recognized, but such an impairment charge would be a non-cash expense, and therefore would have no impact on our current or future cash flows.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

We are committed to protecting our information assets and systems from cybersecurity threats and ensuring compliance with applicable laws and regulations. Despite our commitment to protecting our systems, data and assets, we know that networks and systems are subject to the risk of an extended interruption, outage, or security incident due to many factors including, without limitation: (i) changes to our systems and networks for such things as scheduled maintenance and technology upgrades, or conversions to other technologies, service providers, or physical location of hardware; (ii) failures or lack of continuity of services from public cloud or third-party data center and other service providers; (iii) defects and/or critical security vulnerabilities in software programs; (iv) human and machine error; (v) acts of war and/or nature; (vi) intentional, unauthorized attacks from computer “hackers” or other cybersecurity attacks; and (vii) using the systems to perpetrate identity theft through unauthorized authentication to our customers’ accounts. In the following sections we describe how we identify, assess, and manage material risks related to cybersecurity, and how our Board oversees our cybersecurity program.

We believe we have implemented a cybersecurity program that is aligned with the ISO 27001 framework, SEC regulations, and industry best practices. It is our goal to identify and manage material risks related to cybersecurity and implement effective controls and measures to mitigate such risks. The Board endeavors to provide effective oversight and governance of our cybersecurity program and ensure that our cybersecurity program supports our strategic objectives and risk appetite.

Although we take reasonable and effective measures to ensure the protection of any data that is stored, processed, or transmitted through our systems, we know that attackers have the means, motives, and opportunities to attack. As of the date of this filing, we are not aware of any material risks from cybersecurity threats that have materially affected or are reasonably likely to materially affect the Company, including our business strategy, results of operations, or financial condition. In addition, we maintain controls and procedures that are designed to ensure prompt escalation of critical cybersecurity incidents so that decisions regarding public disclosure and reporting of such incidents can be made by management and the Board in a timely manner. Please refer to “Item 1A. Risk Factors” for further information about the material risks associated with various cybersecurity threats.

Risk Management and Strategy

Our cybersecurity risk management process is aligned with our enterprise risk program. We continuously identify, assess, treat, and monitor cybersecurity risks and report those risks on a periodic and as-needed basis to executive management and the Board. We use various sources of information, including internal and external audits, tabletop exercises, threat intelligence, vulnerability scans, penetration tests, customer and employee feedback, and industry benchmarks, to identify and mitigate our cybersecurity risks. We will also engage third-party services, from time-to-time, to conduct evaluations of our security controls, whether through penetration testing, independent audits, or consulting on best practices to address new challenges. Additionally, we evaluate trends in the legal and regulatory environment and consider business drivers, emerging threats, and technology changes to identify risks across our people, processes, and technology. We then assess our current controls and capabilities to mitigate those risks and develop action plans to address any identified gaps or weaknesses. Action plans are prioritized and implemented with monitoring of completion and effectiveness against the identified risks. We also monitor our performance and progress against various key indicators and objectives based upon ever-changing risks and provide ongoing updates to relevant stakeholders, including executive management and the Board.

We leverage the ISO 27001 framework for cybersecurity risk management. Our cybersecurity risk management strategy is frequently reviewed and adapted to address and meet current and emerging threats. In addition, we have taken steps to address cybersecurity threats presented by third-party service providers, to include third-party systems that could adversely impact our business in the event of a significant cybersecurity incident affecting those third-party systems. We have formal requirements that these third parties maintain certain security controls, we assess their compliance with these requirements on an ongoing basis, and we require timely notification of potential or confirmed security breaches. We also use third-party services that help us to monitor the security risks associated with our third-party service providers. Risk treatment plans are strategically prioritized and executed, and residual risks are reported through our enterprise risk program and elevated to executive management and the Board.

We foster a proactive cybersecurity culture across our organization through employee education, awareness, and engagement. This approach includes monthly e-mail phishing simulations, quarterly computer-based security awareness training on topics relevant to protecting our organization, role-based secure design and coding training, role-based security practitioner training, cybersecurity tabletop exercises, and adversary emulation exercises.

Our cross-functional Information Security Steering Committee (“ISSC”) is the senior management team that oversees the direction, execution, and effectiveness of our cybersecurity program, policies and procedures including: cyber risks, mitigations, risk treatment plans, incident response plans, compliance with applicable regulations, and ensuring business-aligned cybersecurity objectives. The ISSC is chaired by our Chief Information Security Officer (“CISO”) and consists of representatives from risk, compliance, internal audit, IT, accounting, finance, legal, and other key executives, including our Chief Information Officer (“CIO”) and Chief Financial Officer. The ISSC meets quarterly to guide, direct, and monitor the performance and effectiveness of our cybersecurity program and elevates risks and mitigation plans, as appropriate, to the Board.

Governance

Overall Risk Approach

The Board is responsible for oversight of our risks, including establishing our risk appetite and overseeing our risk management framework. The Board recognizes that effective risk oversight is important to the success of our strategy and is an integral part of exercising its fiduciary duties with respect to the Company and our stockholders. The Board believes our current leadership structure facilitates its oversight of risk by combining independent leadership through the Board with executive management members who have an intimate knowledge of our business, industry, and challenges.

Cybersecurity Risk Management and Oversight

The Board is responsible for overseeing the Company's cybersecurity program and ensuring that it is aligned with our strategic goals and risk appetite. The Board has diverse expertise on topics including accounting and financial management, corporate governance, global business, technology and innovation, human capital management, ESG, and cybersecurity. The Board also reviews the strategic direction of the Company's cybersecurity program and ensures that adequate resources and budget are allocated to address cybersecurity threats.

The Board exercises its cyber risk oversight primarily through updates provided by executive management, our CIO, and our CISO. Our CIO and CISO have expertise in the areas of information security and cybersecurity, through decades of management, prominent cybersecurity training, and real-world experience. Intimate knowledge of best practices, incident response, technologies, and IT and business processes enable the management team to be effective in their approach.

The Board also has a standing committee (the "Cybersecurity Committee"), comprised of certain members of the Board, that advises it on cybersecurity matters and provides strategic guidance and direction for our cybersecurity program. The Cybersecurity Committee convenes as necessary to address critical or emerging cybersecurity concerns and to ensure alignment on approach. Our CIO and CISO collaborate with the Cybersecurity Committee and report to the entire Board on a quarterly basis, or more frequently as needed. Additionally, the Cybersecurity Committee reviews the outcomes of our regular tabletop exercises with our CIO and CISO and ensures that lessons learned have been incorporated into the overall strategy.

Item 2. Properties

Our corporate headquarters is located in Denver, Colorado where we occupy office space under a lease that expires in 2033. We also lease office space for our operations in various locations throughout the U.S. as well as a number of countries in Europe, North America, Asia, South America, and Africa. These leases run through 2029.

Additionally, we lease approximately 250,000 square feet for our design and delivery centers located in Omaha, Nebraska and Fort Worth, Texas. The leases for these facilities expire in the years 2028 and 2029, and include an option to extend for an additional five and ten years, respectively. During 2025, we closed our design and delivery center in Crawfordville, Florida. See Note 9 to our Financial Statements for additional information regarding this closure.

We believe that our facilities are adequate for our current and anticipated needs. We may enter into new leases or renew or terminate existing leases as necessary as our business evolves. See Note 7 to our Financial Statements for information regarding our obligations under our facility leases.

Item 3. Legal Proceedings

From time-to-time, we are involved in litigation relating to claims arising out of our operations in the normal course of business. In the opinion of our management, we are not presently a party to any material pending legal proceedings.

Item 4. Mine Safety Disclosures

Not applicable.

Information about our Executive Officers

As of the date of this filing, our executive officers are Brian A. Shepherd (President and Chief Executive Officer), Hai Tran (Executive Vice President and Chief Financial Officer), Elizabeth A. Bauer (Executive Vice President and Chief Experience Officer), Rasmani Bhattacharya (Executive Vice President and Chief Legal Officer), Chad C. Dunavant (Executive Vice President and Chief Product and Strategy Officer), Michael J. Woods (Executive Vice President and President of North America Communications, Media, and Technology), and Lori J. Szwaneck (Senior Vice President and Chief Accounting Officer).

Brian A. Shepherd ***President and Chief Executive Officer***

Mr. Shepherd, 58, is the President and Chief Executive Officer at CSG and a member of the Board, having been appointed in January 2021. Prior to his role as Chief Executive Officer, Mr. Shepherd served as Executive Vice President and Group President of CSG (2017-2021), where he focused on accelerating the growth and strategic development of the Company, and Executive Vice President and President of Global Broadband, Cable and Satellite at CSG (2016-2017). Prior to joining CSG, Mr. Shepherd held executive roles at TeleTech, Amdocs, DST Innovis, and McKinsey & Company. Mr. Shepherd received an MBA from Harvard Business School and graduated from Wabash College with a BA in Economics.

Hai Tran ***Executive Vice President and Chief Financial Officer***

Mr. Tran, 56, is Chief Financial Officer of CSG, where he oversees finance, accounting, treasury, investor relations and also serves as President of Global Telecommunications. Mr. Tran joined CSG in November 2021 and brings over 30 years of finance and operational experience, having most recently served as President and Chief Operating Officer (2020-2021) and Chief Operations Officer and Chief Financial Officer (2015-2020) at SOC Telemed, the largest U.S. provider of acute care telemedicine solutions. Prior to that, he served as Chief Financial Officer for many health-care companies, including BioScrip, Inc., Harris Healthcare Solutions, and Catalyst Health Solutions. Mr. Tran holds a BS in Electrical Engineering from the University of Virginia and an MBA from the University of Richmond.

Elizabeth A. Bauer ***Executive Vice President and Chief Experience Officer***

Ms. Bauer, 63, is Chief Experience Officer at CSG, leading the human capital management, marketing, corporate communications, and sales enablement teams. Having previously served as Chief Marketing and Customer Officer (2021-2022) and Senior Vice President, Chief Investor Relations and Communications Officer (2016-2021), Ms. Bauer has greatly impacted the Company's growth strategy and the development of CSG's customer-first, values-based culture. She brings over 30 years of combined business management, investor relations, and integrated marketing and communications experience, including managing a Midwest-based advertising agency. Ms. Bauer holds a BSBA in Business and Journalism from Creighton University.

Rasmani Bhattacharya ***Executive Vice President and Chief Legal Officer***

Ms. Bhattacharya, 57, is Chief Legal Officer at CSG, where she leads the Company's legal, compliance, and procurement. Ms. Bhattacharya joined CSG in January 2022, having previously served as Executive Vice President, General Counsel and Corporate Secretary at Gates Corporation from 2015-2017, where she led a global team responsible for legal, mergers and acquisitions, intellectual property, regulatory, compliance, insurance, and environmental matters. She has extensive experience in structuring and negotiating complex, multi-jurisdictional transactions supporting business transformations, including joint ventures, corporate restructurings, and strategic partnerships. Ms. Bhattacharya started her career as a corporate lawyer in the Houston office of the law firm of Vinson & Elkins, LLP. She holds a BA in Economics and Foreign Affairs from the University of Virginia and JD from the University of Virginia School of Law.

Chad C. Dunavant ***Executive Vice President and Chief Product and Strategy Officer***

Mr. Dunavant, 49, serves as Chief Strategy and Product Officer at CSG, responsible for developing, communicating, executing, and sustaining corporate strategic initiatives. Mr. Dunavant has been with CSG for over 25 years, previously as Senior Vice President and Global Head of Product Management (2017-2020) where he developed the strategic direction for CSG's products and services. He possesses deep industry knowledge and experience developing enterprise SaaS software for multiple industry verticals and is an author and speaker on best practices for driving profits in the digital era. Mr. Dunavant holds a BBS in Finance and Management Information Systems from Gonzaga University and received an MBA in International Business from the University of Denver.

Michael J. Woods

Executive Vice President and President of North America Communications, Media, and Technology

Mr. Woods, 41, is President of North America Communications, Media and Technology at CSG, where he is responsible for driving revenue, business development, product management, and account management for CSG's largest customers in North America. Since joining CSG in March 2018, Mr. Woods has served as Senior Vice President, Broadband, Cable, and Satellite (2023-2024), Senior Vice President and General Manager, Communications, Design and Delivery (2022- 2023), Vice President, Output Solutions (2021-2022) and Executive Director, Customer Business Executive (2018-2020). Previously, he held leadership roles at Business Ink, prior to its acquisition by CSG, in addition to, finance and commercial roles at Shell plc. Mr. Woods holds a BS in Business Administration and a BA in History from the University of Colorado at Boulder as well as an MBA from Rice University, where he was a Jones Scholar.

Lori J. Szwanek

Senior Vice President and Chief Accounting Officer

Ms. Szwanek, 59, serves as Chief Accounting Officer at CSG, having re-joined CSG in September 2023. Previously, Ms. Szwanek was the Chief Accounting Officer at Orion Advisor Solutions, LLC (2021-2023). Prior to 2021, Ms. Szwanek held multiple roles at CSG, beginning in 1996, most recently as Vice President and Global Controller (2014-2021). Ms. Szwanek possesses a wealth of expertise in technical accounting matters and is a demonstrated strategic leader within the technology industry. Ms. Szwanek obtained a Bachelor of Business Administration from Midland University in Nebraska and is a Certified Public Accountant (inactive) and is a member of the AICPA and Nebraska Society of CPAs.

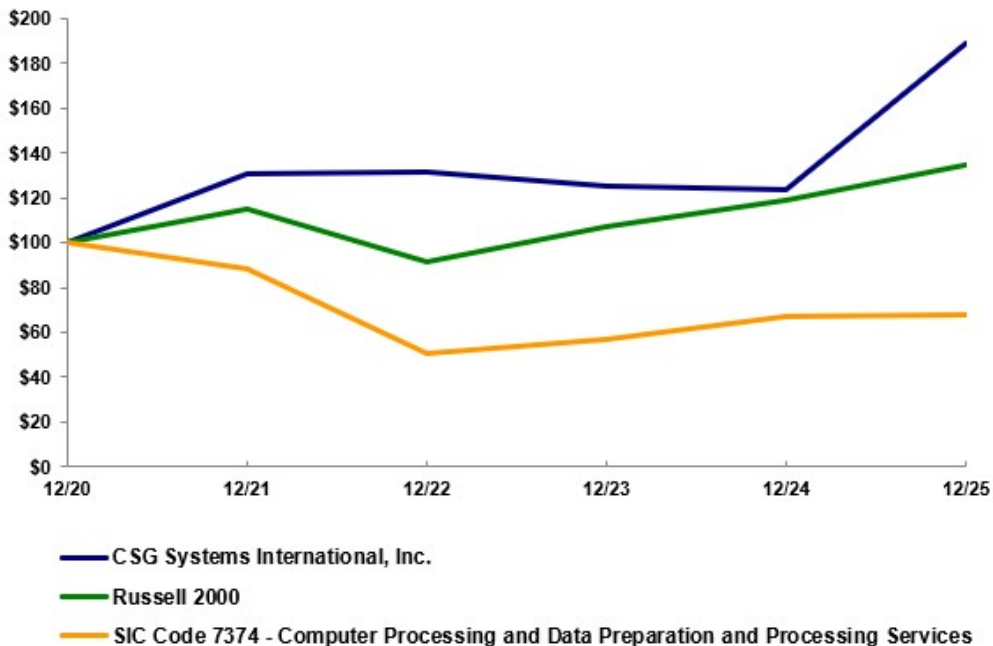
PART II

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

Our common stock is listed on Nasdaq under the symbol "CSGS". On January 31, 2026, the number of holders of record of common stock was 124.

Stock Price Performance

The following graph compares the cumulative total stockholder return on our common stock, the Russell 2000 Index, and our Standard Industrial Classification ("SIC") Code Index: Computer Processing and Data Preparation and Processing Services during the indicated five-year period. The graph assumes that \$100 was invested on December 31, 2020, in our common stock and in each of the two indexes, and all dividends, if any, were reinvested.



	As of December 31,					
	2020	2021	2022	2023	2024	2025
CSG Systems International, Inc.	\$ 100.00	\$ 130.51	\$ 131.96	\$ 125.44	\$ 123.60	\$ 189.07
Russell 2000 Index	\$ 100.00	\$ 114.82	\$ 91.35	\$ 106.82	\$ 119.14	\$ 134.40
Data Preparation and Processing Services	\$ 100.00	\$ 88.06	\$ 50.42	\$ 56.77	\$ 66.79	\$ 68.17

Issuer Purchases of Equity Securities

The following table presents information with respect to purchases of our common stock made during the fourth quarter of 2025 by CSG Systems International, Inc. or any “affiliated purchaser” of CSG Systems International, Inc., as defined in Rule 10b-18(a)(3) under the Exchange Act.

Period	Total Number of Shares Purchased (1) (2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Program (2)	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Program (2)
October 1 - October 31	87,364	\$ 65.13	84,553	\$ 88,202,614
November 1 - November 30	766	78.10	-	88,202,614
December 1 - December 31	244,089	77.02	-	-
Total	<u>332,219</u>	<u>\$ 73.90</u>	<u>84,553</u>	

- (1) This column includes 247,666 shares that were not part of a publicly announced plan or program and that were purchased and cancelled in connection with stock incentive plans.
- (2) On December 31, 2025, all remaining Board authorized repurchases under our Stock Repurchase Program expired. See Note 13 to our Financial Statements for additional information regarding our share repurchases and our Stock Repurchase Program.

Item 6. [Reserved]

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

Plan of Merger

As discussed in Part I, Item 1. "Business", on October 29, 2025, we entered into the Merger Agreement with NEC and the Merger Sub, whereby the Merger Sub will merge with and into CSG, with CSG continuing as the surviving corporation as a wholly owned subsidiary of NEC.

As of December 31, 2025, in connection with the proposed Merger, we have recognized \$13.7 million of acquisition-related costs primarily within Selling, General and Administrative expenses ("SG&A") in our Income Statement, of which approximately \$10 million will be paid upon closing. We expect to continue to incur additional costs relating to the proposed Merger, such as financial advisory, legal, accounting, and other professional services fees, along with retention bonuses. Total future costs related to the proposed Merger cannot be estimated at this time.

Information about the Merger Agreement and the Merger is set forth in our Definitive Proxy Statement on Schedule 14A filed with the SEC on December 16, 2025, as supplemented. See Note 2 to our Financial Statements for additional information.

Management Overview

Results of Operations. A summary of our results of operations for 2025 and 2024, and other key performance metrics, are as follows (in thousands, except percentages and per share amounts):

	Year Ended	
	2025	2024
Revenue	\$ 1,223,289	\$ 1,197,248
Transaction fees (1)	106,275	97,857
Operating results:		
Operating income	118,749	131,333
Operating margin percentage	9.7%	11.0%
Diluted EPS	\$ 1.98	\$ 3.03
Supplemental data:		
Restructuring and reorganization charges (2)	\$ 19,818	\$ 13,323
Executive transition costs	-	352
Acquisition-related costs:		
Amortization of acquired intangible assets	13,805	14,014
Earn-out compensation	14,019	5,644
Transaction-related costs	13,717	381
Stock-based compensation (2)	46,126	34,385
Loss on extinguishment of debt	453	-

- (1) Transaction fees are primarily comprised of fees paid to third-party payment processors and financial institutions and interchange fees under our payment services contracts. Transaction fees are included in revenue in our Income Statement (and not netted against revenue) because we maintain control and act as the principal over the integrated service provided under our payment services customer contracts.
- (2) Restructuring and reorganization charges include stock-based compensation which is not included in the stock-based compensation line in the table above, and depreciation, which has not been recorded to the depreciation line on our Income Statement.

Revenue. Revenue for 2025 was \$1,223.3 million, a 2.2% increase when compared to \$1,197.2 million for 2024. The increase in revenue can be mainly attributed to the continued growth of our SaaS and related solutions.

Operating Results. Operating income for 2025 was \$118.7 million, or a 9.7% operating income margin percentage, compared to \$131.3 million, or an 11.0% operating income margin percentage for 2024. The decrease in operating income can mainly be attributed to higher acquisition-related costs and stock-based compensation.

Diluted Earnings Per Share ("EPS"). Diluted EPS for 2025 was \$1.98 compared to \$3.03 for 2024, with the decrease mainly attributed to the lower operating income, discussed above, and a higher effective income tax rate.

Balance Sheet and Cash Flows. As of December 31, 2025, we had cash and cash equivalents of \$180.0 million, compared to \$161.8 million as of December 31, 2024. Cash flows from operating activities for 2025 were \$155.9 million, compared to \$135.7 million for 2024. See the Liquidity section below for further discussion of our cash flows.

Significant Customer Relationships

A large percentage of our revenue is generated from a limited number of customers in the global communications industry, with our three largest customers being, Charter Communications Inc. ("Charter"), Comcast Corporation ("Comcast"), and DISH Network L.L.C. We have significant customer concentration, with Charter and Comcast each exceeding 10% of our revenue.

Charter. For 2025 and 2024, revenue from Charter was \$236 million and \$240 million, respectively, representing approximately 19% and 20% of our total revenue. In September 2025, we entered into an amendment (the "Amendment") to our current agreement with Charter. The key terms of the Amendment are as follows:

- The Amendment extends our contractual relationship with Charter through September 30, 2031.
- The revenue to be generated under the Amendment is based primarily on monthly charges for SaaS and related services per Charter customer account, and various other ancillary services based on actual usage. The Amendment includes reduced price escalators for a portion of 2025 and annual fixed-price escalators beginning in 2026. We did not provide a renewal discount to Charter in the Amendment.
- The Amendment contains certain financial commitments both throughout the term and associated with the number of Charter customer accounts that are to be processed on our solutions.
- We maintain the exclusive right to provide print and mail services to all current and future Charter customer accounts through the term of the Amendment.
- The Amendment contains certain rights and obligations of both parties, including the following key items: (i) the termination of the agreement under certain conditions; (ii) various service level commitments; and (iii) remedies and limitations on liabilities associated with specified breaches of contractual obligations.

The foregoing does not constitute a complete summary of the terms of the Amendment and is qualified by reference to the Amendment, which is filed with confidential information redacted, as Exhibit 10.28K to this Form 10-K.

Comcast. For 2025 and 2024, revenue from Comcast was \$210 million and \$225 million, respectively, representing approximately 17% and 19% of our total revenue. Our agreement with Comcast runs through December 31, 2030.

Copies of the Comcast Agreement and related amendments, with confidential information redacted, are included in the exhibits to this Form 10-K.

Contract Termination

It is customary for us to enter into software implementation projects with certain customers. These implementation projects range from relatively short and noncomplex projects to long and complex projects, ranging from several months to several years in duration depending on the specifics of the project.

On July 5, 2025, we terminated a Master Services Agreement (the "MSA") for one of our implementation projects in the Latin America region on the basis that the customer unlawfully renounced its obligations under the MSA. At this time, there is no work being performed on the project and we are pursuing any and all available remedies.

Through the contract termination date, we recognized \$1.4 million in revenue during 2025 related to this project. As of December 31, 2025, we had accounts receivable of \$18.1 million (\$1.3 million billed and \$16.8 million unbilled) related to this project. As of the date of this filing, we do not believe there has been an impairment to the carrying values of the assets and believe such amounts are recoverable per the terms of the MSA or as a matter of common law. However, if we are not successful in collecting the amount expected under the terms of the MSA or as a matter of common law, it is possible that an impairment of these assets could result.

Stock-Based Compensation

Stock-based compensation is included in the following captions in our Income Statements as follows (in thousands):

	2025	2024
Cost of revenue	\$ 6,325	\$ 5,078
Research and development	4,106	3,796
Selling, general and administrative	35,695	25,512
Restructuring and reorganization charges	(862)	(822)
Total stock-based compensation	<u>\$ 45,264</u>	<u>\$ 33,564</u>

Stock-based compensation increased in 2025 due to the accelerated vesting of certain awards per the terms of the Merger Agreement. See Notes 2, 3, and 14 to our Financial Statements for additional discussion of our stock-based compensation.

Critical Accounting Policies and Estimates

The preparation of our Financial Statements in conformity with accounting principles generally accepted in the U.S. requires us to select appropriate accounting policies, and to make judgments and estimates affecting the application of those accounting policies. On an ongoing basis, we evaluate our estimates and assumptions. In applying our accounting policies, different business conditions or the use of different assumptions may result in materially different amounts reported in our Financial Statements.

We believe that of our significant accounting policies, which are described in the notes to our Financial Statements, the following accounting policies and specific estimates involve a greater degree of judgment and complexity.

Revenue Recognition. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration that we expect to receive in exchange for those products and services. We derive our revenue from SaaS-based revenue management platform arrangements, managed services arrangements, SaaS payments platform arrangements, software license and service arrangements, professional services arrangements, and bundled service arrangements. These arrangements are often complex long-term contracts that include multiple performance obligations. Key factors considered in accounting for these arrangements include the following criteria: (i) identification of performance obligations within the contract; (ii) determination of the transaction price as our contracts may include both fixed and variable consideration; (iii) determination of stand-alone selling price for each performance obligation and the allocation of value between the performance obligations; and (iv) calculation of revenue recognized in each period which may include estimates to measure progress for delivery.

We generally determine stand-alone selling prices using pricing calculations (which include regional market factors) for our software license and maintenance fees, and cost-plus margins for services. The pricing calculations can be complex and require estimates based on expected volumes and/or costs to complete a project. Additionally, for certain of our software license and professional service performance obligations that are satisfied over time, we use an hours-based method to measure progress for delivery based on the total expected hours to complete a project. These estimates are inherently complex and require significant judgment by us. Changes in estimates as a result of additional information as work progresses on a project are inherent characteristics of this method of revenue recognition as we are exposed to business risks in completing these types of performance obligations. The estimation process to support our hours-based recognition method is more difficult for projects of greater length and/or complexity.

Our contracts are subject to modification by amendments, change requests, and/or statements of work. Such modifications may occur frequently. The accounting for contract modifications is complex and requires significant judgments to be made by us as to whether the contract modification is treated as either a separate contract or part of the existing contract.

The evaluation of the factors above and ultimate revenue recognition decision requires us to make significant judgments and estimates. Our judgments and estimates could have a significant effect on revenue recognized in any period by changing the amount and/or the timing of the revenue recognized.

Income Taxes. We are a U.S.-based multinational company operating in multiple U.S. and foreign jurisdictions. We are required to estimate our income tax liability in each jurisdiction in which we operate, including U.S. Federal, state, and foreign income taxes.

Various judgments are required in evaluating our income tax positions and determining our provisions for income taxes. We regularly assess the likelihood of the future realization of our deferred income tax assets. To the extent we believe that it is not more likely than not that a deferred income tax asset will be realized, a valuation allowance is established. Significant judgment is required in determining any valuation allowance recorded against deferred tax assets. In assessing the need for a valuation allowance, we consider all the available evidence, both positive and negative, including past operating results, estimates of future taxable income, and the feasibility of tax planning strategies. In the event that we change our determination as to the amount of deferred tax assets that can be realized, we will adjust our valuation allowance with a corresponding impact to the provision for (benefit from) income taxes in the period in which such determination is made.

During the ordinary course of our business, there are certain transactions and calculations for which the ultimate income tax determination may be uncertain. In addition, we may be subject to examination of our income tax returns by various tax authorities which could result in adverse outcomes. For these reasons, we establish a liability associated with unrecognized tax benefits based on estimates of whether additional taxes and interest may be due. We adjust this liability based upon changing facts and circumstances, such as the closing of a tax audit, the closing of a tax year upon the expiration of a statute of limitations, or the refinement of an estimate. Should any of the factors considered in determining the adequacy of this liability change significantly, an adjustment to the liability may be necessary. Due to the potential significance of these issues, such an adjustment could be material.

Loss Contingencies. In the ordinary course of business, we are subject to potential claims related to various items including but not limited to the following: (i) legal and regulatory matters; (ii) vendor contracts; (iii) solution and service delivery matters; (iv) labor matters; and (v) certain tax matters. Accounting and disclosure requirements for loss contingencies require us to assess the likelihood of any adverse judgments in a range of potential outcomes for these matters. A determination of the amount of reserves for such contingencies, if any, is based on an analysis of the issues, often with the assistance of legal counsel. The evaluation of such issues, and our ultimate accounting and disclosure decisions, are by their nature, subject to various estimates and highly subjective judgments. Should any of the factors considered in determining the adequacy of any required reserves change significantly, an adjustment to the reserves may be necessary. Due to the potential significance of these issues, such an adjustment could be material.

Detailed Discussion of Results of Operations

The following discussion includes a comparison of our results of operations and liquidity for 2025 compared to 2024. For a discussion of the 2024 compared to 2023, please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 20, 2025.

Revenue. Revenue for 2025 was \$1,223.3 million, a 2.2% increase when compared to \$1,197.2 million for 2024.

Revenue by type for 2025 and 2024 was as follows (in thousands):

	2025	2024
Revenue:		
SaaS and related solutions	\$ 1,101,700	\$ 1,069,325
Software and services	74,305	80,935
Maintenance	47,284	46,988
Total revenue	<u>\$ 1,223,289</u>	<u>\$ 1,197,248</u>

The increase in revenue is primarily attributed to the continued growth of our SaaS and related solutions revenue, which includes the revenue generated by our businesses acquired during the second quarter of 2024. Additionally, during 2025 we recognized approximately \$6 million of revenue during the second quarter from a software license arrangement that partially offsets the lower 2025 professional services revenue.

We use the location of the customer as the basis of attributing revenue to individual countries and corresponding geographic region. Revenue by geographic region for 2025 and 2024 was as follows (in thousands):

	2025	2024
Americas (principally the U.S.)	\$ 1,043,183	\$ 1,038,235
Europe, Middle East, and Africa	124,860	104,789
Asia Pacific	55,246	54,224
Total revenue	<u>\$ 1,223,289</u>	<u>\$ 1,197,248</u>

Total Operating Expenses. Our operating expenses for 2025 increased 3.6% to \$1,104.5 million, from \$1,065.9 million for 2024. The increase in total operating expenses is mainly due to: (i) \$11.7 million of higher stock-based compensation discussed above; (ii) acquisition-related costs recognized in 2025, to include \$13.7 million of transaction-related costs related to the Merger and approximately \$10 million of DGIT earn-out compensation; (iii) a \$6.5 million increase in restructuring and reorganization charges; and (iv) the higher cost of SaaS and related solutions, reflective of the higher SaaS and related solutions revenue between periods. These additional costs were offset to a certain degree by the cost efficiency actions taken to optimize our capacity and better align resources to areas of the business with higher growth profiles. The components of total operating expenses are discussed in more detail below.

Cost of Revenue (Exclusive of Depreciation). Our cost of revenue consist principally of the following: (i) computing capacity and network communications costs; (ii) statement production costs (e.g., labor, paper, envelopes, equipment, equipment maintenance, etc.); (iii) transaction fees, which are primarily comprised of fees paid to third-party payment processors and financial institutions and interchange fees; (iv) customer support organizations (e.g., customer support call center, account management, etc.); (v) professional services organization; (vi) various product delivery and support organizations (e.g., managed services delivery, product management, product maintenance, etc.); (vii) third-party software costs and/or royalties related to certain software products; (viii) facilities and infrastructure costs related to the statement production and support organizations; and (ix) amortization of acquired intangibles. The costs related to new solution development (including significant enhancements to existing products and services) are included in R&D expense.

The cost of revenue for 2025 was \$623.6 million, a 1.5% increase when compared to \$614.5 million for 2024. The increase in cost of revenue is reflective of the increase in SaaS and related solutions revenue between periods. Total cost of revenue as a percentage of revenue for 2025 and 2024 was 51.0% and 51.3%, respectively.

R&D Expense (Exclusive of Depreciation). R&D expense for 2025 was \$161.6 million, a 2.1% increase when compared to \$158.2 million for 2024, with the increase mainly attributed to increased R&D investments in our faster growing SaaS solutions, such as Ascendon monetization; quote and order; and payments. Delivering future-ready solutions that have best-in-industry innovation (including new AI capabilities) is a key competitive advantage for us. As a percentage of total revenue, R&D expense for 2025 and 2024 was 13.2%, for both periods.

Selling, General, and Administrative ("SG&A") Expense (Exclusive of Depreciation). SG&A expense for 2025 was \$281.5 million, a 9.0% increase from \$258.3 million for 2024. The increase in SG&A expense between 2025 and 2024 is primarily due to: (i) \$10.2 million of higher stock-based compensation; and (ii) acquisition related costs recognized in 2025, to include \$12.9 million of transaction-related costs related to the Merger and approximately \$10 million of DGIT earn-out compensation; offset by a decrease in employee-related costs, due to the cost efficiency actions, discussed above. As a percentage of total revenue, SG&A expense for 2025 and 2024 was 23.0% and 21.6%, respectively.

Depreciation. Depreciation expense for 2025 was \$18.1 million, a 16.3% decrease when compared to \$21.6 million for 2024. This decrease can be primarily attributed to the decreased level of capital expenditures we have made over the past several years and the closure of our design and delivery center in Crawfordville, Florida, discussed below.

Restructuring and Reorganization Charges. In 2025 and 2024, we implemented cost reduction and efficiency initiatives that resulted in restructuring and reorganization charges of \$19.8 million and \$13.3 million, respectively. The restructuring and reorganization charges for 2025 relate mainly to cost efficiency actions to optimize our capacity and better align resources along with costs associated with the closure of our design and delivery center in Crawfordville, Florida. These activities have resulted in restructuring charges of \$15.8 million related to involuntary terminations.

See Note 9 to our Financial Statements for additional discussion.

Operating Income. Operating income for 2025 was \$118.7 million, or 9.7% of total revenue, compared to \$131.3 million, or 11.0% of total revenue for 2024. The decrease in operating income in 2025 can mainly be attributed to the increase in acquisition-related costs and stock-based compensation between years, partially offset by the benefits received from the cost efficiency actions, discussed above.

Interest Income. Interest income for 2025 was \$5.2 million, a \$3.5 million decrease when compared to \$8.7 million for 2024, with the decrease primarily attributed to lower cash balances being swept into overnight money market accounts on a daily basis.

Loss on Extinguishment of Debt. In March 2025, we entered into the 2025 Credit Agreement, which replaced the 2021 Credit Agreement (see Note 6 to our Financial Statements). As a result, we incurred a loss of \$0.5 million related to the write-off of debt issuance costs.

Other, net. Other, net for 2025 was \$3.8 million of other expense, a \$6.5 million change when compared to \$2.7 million of other income for 2024, with the change primarily the result of foreign currency transaction losses due to the weakening of the U.S. dollar.

Income Tax Provision. Our effective income tax rates for 2025 and 2024 were approximately 38% and 23%, respectively. The 2025 effective income tax rate increase was primarily driven by the following permanent and non-cash expense items: (i) the tax impact of the accelerated vesting of certain stock awards; (ii) the disallowance of transaction-related costs associated with the Merger; and (iii) the impact of the DGIT earn-out compensation recognized in 2025, for which a valuation allowance has been established for income tax purposes. The 2024 effective income tax rate benefited from the release of valuation allowances related to certain U.S. and foreign deferred tax assets and the utilization of foreign tax credits.

Liquidity

Cash and Liquidity. As of December 31, 2025, our principal sources of liquidity were cash and cash equivalents of \$180.0 million, compared to \$161.8 million as of December 31, 2024.

During the first quarter of 2025, we entered into the 2025 Credit Agreement, which consists of a \$600.0 million five-year revolver, (the "2025 Revolver"), which replaced our \$600.0 million five-year credit agreement entered into September 2021, the 2021 Credit Agreement. As of December 31, 2025, we had \$125.0 million outstanding on the 2025 Revolver and have issued a standby letter of credit for \$0.2 million that counts against the available 2025 Revolver balance, leaving \$474.8 million available to us. The 2025 Credit Agreement contains customary affirmative, negative, and financial covenants. As of December 31, 2025, and the date of this filing, we believe we are in compliance with the provisions of the 2025 Credit Agreement.

Our cash and cash equivalents balances as of the end of the indicated periods were located in the following geographical regions (in thousands):

	December 31, 2025	December 31, 2024
Americas (principally the U.S.)	\$ 124,547	\$ 102,417
Europe, Middle East, and Africa	41,128	43,609
Asia Pacific	14,336	15,763
Total cash and cash equivalents	<u>\$ 180,011</u>	<u>\$ 161,789</u>

We generally have ready access to substantially all of our cash and cash equivalents, but may face limitations on moving cash out of certain foreign jurisdictions due to currency controls and potential negative economic consequences.

As of December 31, 2025, we had \$1.8 million of cash restricted as to use primarily to collateralize guarantees included in our non-current asset balance. In addition, we had \$350.4 million of settlement and merchant reserve assets which are deemed restricted due to contractual restrictions with the merchants and restrictions arising from our policy and intention. It has historically been our policy to segregate settlement and merchant reserve assets from our operating cash balances and we intend to continue to do so.

Cash Flows from Operating Activities. We calculate our cash flows from operating activities beginning with net income, adding back the impact of non-cash items or non-operating activity (e.g., depreciation, amortization, impairments, gain/loss on items such as investments, lease modifications, and debt extinguishments/conversions, unrealized foreign currency transactions gain/loss, deferred income taxes, stock-based compensation, etc.), and then factoring in the impact of changes in operating assets and liabilities.

Our primary source of cash is from our operating activities. Our current business model consists of a significant amount of recurring revenue sources related to our long-term revenue management solutions and managed services arrangements (primarily billed monthly), payments transaction services (primarily billed monthly), and software maintenance agreements (which may be billed monthly, quarterly, or annually). This recurring revenue base provides us with a reliable and predictable source of cash. In addition, software license fees and professional services revenue are sources of cash, but the payment streams for these items are less predictable.

The primary use of our cash is to fund our operating activities. Over half of our total operating costs relate to labor costs (both employees and contracted labor) for the following: (i) compensation; (ii) related fringe benefits; (iii) incentive compensation; and (iv) reimbursements for travel and entertainment expenses. Other operating expenses consist of: (i) computing capacity and related services and communication lines for our outsourced cloud-based business; (ii) transaction fees paid in conjunction with the delivery of services under our payment services contracts; (iii) hardware and software maintenance and other SaaS-based services; (iv) paper, envelopes, and related supplies for our customer communications; and (v) rent and related facility costs. These items are purchased under a variety of both short-term and long-term contractual commitments. A discussion of our material contractual obligations is provided below.

Our 2025 and 2024 net cash flows from operating activities, broken out between operations and changes in operating assets and liabilities, for the indicated quarterly periods are as follows (in thousands):

	Operations	Changes in Operating Asset and Liabilities	Net Cash Provided by (Used in) Operating Activities – Totals
Cash Flows from Operating Activities:			
2025:			
March 31 (1)	\$ 40,619	\$ (29,150)	\$ 11,469
June 30	38,999	(1,673)	37,326
September 30	41,324	6,619	47,943
December 31	44,781	14,420	59,201
Total	<u>\$ 165,723</u>	<u>\$ (9,784)</u>	<u>\$ 155,939</u>
2024:			
March 31 (2)	\$ 51,655	\$ (81,006)	\$ (29,351)
June 30	35,625	7,480	43,105
September 30	44,354	(4,895)	39,459
December 31 (3)	44,805	37,699	82,504
Total	<u>\$ 176,439</u>	<u>\$ (40,722)</u>	<u>\$ 135,717</u>

- (1) Cash flows from operating activities for the first quarter of 2025 reflect the impact of the payment of the 2024 year-end accrued employee incentive compensation.
- (2) Cash flows from operating activities for the first quarter of 2024 were negatively impacted by unfavorable working capital changes, to include the impact of the payment of the 2023 year-end accrued employee incentive compensation, and timing of trade accounts receivable.
- (3) Cash flows from operating activities for the fourth quarter of 2024 were positively impacted by favorable changes in working capital, which can mainly be attributed to the timing of our estimated federal and state income tax payments, and decreases in our accounts receivable balance.

Variations in our net cash provided by (used in) operating activities are generally related to the changes in our operating assets and liabilities (related mostly to fluctuations in timing of customer payments and changes in accrued expenses), and generally over longer periods of time, do not significantly impact our cash flows from operations.

Significant fluctuations in key operating assets and liabilities between 2025 and 2024 that impacted our cash flows from operating activities are as follows:

Billed Trade Accounts Receivable

Management of our billed trade accounts receivable is one of the primary factors in maintaining strong cash flows from operating activities. These balances include significant billings for several non-revenue items (primarily postage, sales tax, and deferred revenue items). As a result, we evaluate our performance in collecting our billed trade accounts receivable through our calculation of Days Billings Outstanding (“DBO”) rather than a typical Days Sales Outstanding (“DSO”) calculation.

Our gross and net billed trade accounts receivable and related allowance for expected losses (“Allowance”) as of the end of the indicated quarterly periods, and the related DBOs for the quarters then ended, are as follows (in thousands, except DBOs):

Quarter Ended	Gross	Allowance	Net Billed	DBOs
2025:				
March 31	\$ 269,326	\$ (4,152)	\$ 265,174	66
June 30	262,975	(3,959)	259,016	66
September 30	272,355	(4,331)	268,024	64
December 31	303,001	(3,277)	299,724	63
2024:				
March 31	\$ 281,051	\$ (5,692)	\$ 275,359	67
June 30	270,934	(4,720)	266,214	66
September 30	284,740	(4,810)	279,930	64
December 31	269,944	(3,041)	266,903	64

As of December 31, 2025 and 2024, approximately 95% and 96%, respectively, of our net billed trade accounts receivable balances were less than 60 days past due.

We may experience adverse impacts to our DBOs if and when customer payment delays occur. However, the recurring monthly payments that cross a reporting period-end do not raise collectability concerns, as payment is generally received subsequent to quarter-end. All other changes in our gross and net billed accounts receivable reflect the normal fluctuations in the timing of customer payments at quarter-end, as evidenced by our relatively consistent DBO metric.

As a global provider of solutions and services, a portion of our trade accounts receivable balance relates to international customers. This diversity in the geographic composition of our customer base may adversely impact our DBOs as longer billing cycles (i.e., billing terms and cash collection cycles) are an inherent characteristic of international software and professional services transactions. As a result, we may experience fluctuations in our trade accounts receivable balance as our ability to invoice and collect arrangement fees is dependent upon, among other things: (i) the completion of various customer administrative matters, local country billing protocols and processes (including local cultural differences), and non-customer administrative matters; (ii) meeting certain contractual invoicing milestones and dates; (iii) the overall project status in certain situations in which we act as a subcontractor to another vendor on a project; or (iv) currency controls in certain foreign jurisdictions.

Unbilled Trade Accounts Receivable

Unbilled trade accounts receivable (current and non-current) decreased \$3.5 million to \$76.7 million as of December 31, 2025, from \$80.2 million as of December 31, 2024. These unbilled trade accounts receivable balances relate primarily to implementation projects where various milestone billing dates have not yet been reached or are delayed and to timing related to billing cutoff or contractual billing dates. As discussed in Contract Termination above, as of December 31, 2025, \$16.8 million of the unbilled trade accounts receivable balance is related to an implementation project for a contract that we terminated in the third quarter of 2025. Unbilled trade accounts receivable are an inherent characteristic of certain software and services transactions and may fluctuate between quarters, as these types of transactions typically have scheduled invoicing terms over several quarters, as well as certain milestone billing events.

Accrued Employee Compensation

Accrued employee compensation increased \$13.1 million to \$81.0 million as of December 31, 2025, from \$67.9 million as of December 31, 2024, due primarily to higher incentive-compensation accruals in 2025.

Cash Flows from Investing Activities. Our typical investing activities consist of purchases of software, property, and equipment, and in 2024, our business combination activities, which are discussed below.

Purchases of Software, Property, and Equipment

Our annual capital expenditures for software, property, and equipment for 2025 and 2024 were \$14.5 million and \$22.4 million, respectively. Our capital expenditures for these periods consisted principally of investments in software and related equipment.

Business Combinations, net of Cash and Settlement Assets Acquired

The cash paid for the acquisitions discussed in Note 8 to our Financial Statements, less cash and settlement assets acquired, resulted in net cash provided by business combinations for 2024 of \$17.3 million.

Cash Flows from Financing Activities. Our financing activities typically consist of activities with our common stock, various debt-related transactions, and settlement and merchant reserve activity, which are discussed below. Additionally, during 2025 and 2024, we made deferred acquisition payments related to our previous acquisitions of \$0.3 million and \$2.5 million, respectively.

Issuance of Common Stock

Proceeds from the issuance of common stock for 2025 and 2024 were \$2.5 million and \$3.1 million, respectively, and relate primarily to our employee stock purchase plan.

Cash Dividends Paid on Common Stock

During 2025 and 2024, our Board approved dividend payments totaling \$36.9 million and \$34.8 million, respectively. During 2025 and 2024, we paid dividends of \$37.4 million and \$26.6 million, respectively, with the differences between the amount approved and paid attributed to the timing of the quarterly dividend payments and dividends accrued on unvested incentive shares that are paid upon vesting.

Repurchase of Common Stock

During 2025 and 2024 we repurchased approximately 788,000 shares and 1,185,000 shares of our common stock under the guidelines of our Stock Repurchase Program for \$49.7 million and \$57.8 million, respectively.

Additionally, outside of our Stock Repurchase Program, during 2025 and 2024, we repurchased from our employees and then canceled approximately 470,000 shares and 177,000 shares of our common stock for \$33.1 million and \$9.4 million, respectively, in connection with minimum tax withholding requirements resulting from the vesting of restricted stock under our stock incentive plans.

During 2025 and 2024, we paid \$83.2 million and \$67.7 million, respectively, for our total repurchases of common stock, with any differences when compared to the amounts purchased attributed to the timing of the settlement and the excise tax on share repurchases.

On December 31, 2025, all remaining Board authorized repurchases under our Stock Repurchase Program expired.

See Note 13 to our Financial Statements for additional discussion of our repurchases of common stock.

Long-Term Debt

During the first quarter of 2025, we borrowed \$10.0 million from our 2021 Revolver for general corporate purposes. In March 2025, we entered into the 2025 Credit Agreement and as a result, we borrowed \$140.6 million under the 2025 Revolver and repaid: (i) the outstanding 2021 Term Loan principal balance of \$125.6 million; (ii) the outstanding 2021 Revolver balance of \$10.0 million; and (iii) \$2.3 million of debt financing costs; with the remainder used for general corporate purposes. Subsequently, we have repaid \$15.6 million of the 2025 Revolver, leaving us with an outstanding balance of \$125.0 million.

During 2024, we made principal repayments on our 2021 Term Loan of \$7.5 million. Additionally, during 2024, we borrowed and subsequently repaid \$15.0 million from our 2021 Revolver for general corporate purposes.

See Note 6 to our Financial Statements for additional discussion of our long-term debt.

Settlement and Merchant Reserve Activity

During 2025 and 2024, we had net settlement and merchant reserve activity of \$6.0 million and \$23.9 million, respectively, related to the cash collected, held on behalf, and paid to our merchants related to our payments services and the net change in deposits held on behalf of our merchants. These balances can significantly fluctuate between periods due to activity at the end of the period and the day in which the period ends.

See Note 3 to our Financial Statements for additional discussion of our settlement and merchant reserves.

Contractual Obligations and Other Commercial Commitments and Contingencies

We have various contractual obligations that are recorded as liabilities in our Balance Sheets. Other items, such as certain purchase commitments and other executory contracts, are not recognized as liabilities in our Balance Sheets but are required to be disclosed.

Our 2025 Credit Agreement requires quarterly commitment fee payments and interest payments based on the interest election period. The 2025 Credit Agreement contains certain customary prepayment or repayment provisions. As specified in the 2025 Credit Agreement, if certain customary events were to occur, we may be required to pay all amounts outstanding under the 2025 Credit Agreement, together with interest payable thereon. As of December 31, 2025, the outstanding balance on the 2025 Revolver was \$125.0 million. Our estimated interest for our 2025 Credit Agreement through its maturity date includes: (i) approximately \$28 million for the 2025 Revolver; and (ii) approximately \$3 million for the commitment fee. These amounts are based on the current leverage ratio and Secured Overnight Financing Rate ("SOFR") and assumes no additional amounts are borrowed or repaid on the 2025 Revolver. Should the Merger, discussed above, be consummated, this would result in the outstanding loans under the 2025 Credit Agreement being repaid and commitments thereunder being terminated at the closing.

Our 2023 Convertible Notes are convertible at the option of the noteholders before June 15, 2028 upon the occurrence of certain events. On or after June 15, 2028 and until the close of business on the second scheduled trading day immediately preceding the maturity date, noteholders may convert all or any portion of their notes at any time regardless of these conditions. Upon settlement, our cash obligation will not exceed the principal amount, and interest paid through maturity is at a rate of 3.875%. Our estimated remaining interest for our 2023 Convertible Notes through their maturity date of September 15, 2028 is approximately \$49 million. Should the Merger, discussed above, be consummated, this would result in a conversion trigger for the note holders.

Our long-term debt obligations are discussed in more detail in Note 6 to our Financial Statements.

Our operating leases are discussed in Note 7 to our Financial Statements. As of December 31, 2025, the value of our obligations under our real estate leases were approximately \$30 million.

Our contractual commitments consist primarily of our expected minimum base fees under our outsourced computing service agreement with Ensono, Inc., which includes embedded lease components (discussed in Notes 7 and 12 to our Financial Statements), and to a lesser degree, cloud computing, networking, and communication services. As of December 31, 2025, the total value of our contractual commitments were approximately \$501 million, with approximately \$107 million due within the next twelve months.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements are mainly limited to money transmitter bonds, performance bonds, and a standby letter of credit. These arrangements do not have a material impact and are not reasonably likely to have a material future impact to our financial condition, results of operations, liquidity, capital expenditures, or capital resources. See Note 12 to our Financial Statements for additional information on these guarantees.

Capital Resources

The following are the key items to consider in assessing our sources and uses of capital resources:

Current Sources of Capital Resources. Below are the key items to consider in assessing our current sources of capital resources:

- Cash and Cash Equivalents. As of December 31, 2025, we had cash and cash equivalents of \$180.0 million, of which approximately 64% was in U.S. dollars and held in the U.S. For the remainder of the monies denominated in foreign currencies and/or located outside the U.S., we do not anticipate any material amounts being unavailable for use in funding our business, but may face limitations on moving cash out of certain foreign jurisdictions due to currency controls and potential negative economic consequences.
- Operating Cash Flows. As described in the Liquidity section above, we believe we have the ability to generate strong cash flows to fund our operating activities and act as a source of funds for our capital resource needs, although we may experience quarterly variations in our cash flows from operations related to the changes in our operating assets and liabilities.
- Revolving Loan Facility. In March 2025, we entered into the 2025 Credit Agreement which replaced our 2021 Credit Agreement. The 2025 Credit Agreement consists of a \$600.0 million revolving loan facility, our 2025 Revolver. As of December 31, 2025, we had \$125.0 million outstanding on the 2025 Revolver, and had issued a standby letter of credit of \$0.2 million that counts against our available 2025 Revolver balance, leaving \$474.8 million available to us. Our long-term debt obligations are discussed in more detail in Note 6 to our Financial Statements.

Uses/Potential Uses of Capital Resources. Below are the key items to consider in assessing our uses/potential uses of capital resources:

- Common Stock Repurchases. We have a Stock Repurchase Program in which we may repurchase shares in the open market or in privately negotiated transactions, including through an accelerated stock repurchase plan or under a SEC Rule 10b5-1 plan. The actual timing and amount of share repurchases are dependent on the current market conditions and other business-related factors. Upon the announcement of the Merger Agreement, we ceased any further common stock repurchases. Our common stock repurchases are discussed in more detail in Note 13 to our Financial Statements.

During 2025, we repurchased approximately 788,000 shares of our common stock for \$49.7 million (weighted-average price of \$63.17 per share) under our Stock Repurchase Program.

Outside of our Stock Repurchase Program, during 2025, we repurchased from our employees and then cancelled approximately 470,000 shares of our common stock for \$33.1 million in connection with minimum tax withholding requirements resulting from the vesting of restricted common stock under our stock incentive plans.

- Cash Dividends. During 2025, our Board declared dividends totaling \$36.9 million. In January 2026, our Board approved a quarterly cash dividend of \$0.34 per share of common stock. Going forward, we expect to pay cash dividends in the normal course, with the amount and timing subject to our Board's approval, as well as the consummation of the Merger.

- Acquisitions. As a result of our previous acquisition activity, during 2025 we made \$0.3 million of deferred acquisition payments. Additionally, there are provisions for potential future earn-out payments of up to approximately \$12 million for DGIT and \$15.0 million for iCG tied to performance-based goals and a defined service period. The earn-out periods are through December 31, 2026 and June 3, 2027, respectively. During 2025, we made earn-out payments of \$5.1 million, which are included in our cash flows from operating activities. As of December 31, 2025, we have accrued \$15.7 million related to earn-out payments, of which we paid approximately \$11 million in January 2026.

As part of our growth strategy, we are continually evaluating potential business and/or asset acquisitions and investments in market share expansion with our existing and potential new customers and expansion into verticals outside the global communications market.

- Merger Activity. As of December 31, 2025, we have accrued approximately \$10 million of acquisition-related costs related to the proposed Merger, discussed above, which will be paid upon the closing of the Merger. In December 2025, we entered into retention bonus agreements with certain key employees, providing for approximately \$9 million of bonus payments to be paid immediately prior to the closing of the Merger, or upon the termination of the Merger Agreement, subject to the employee's continued employment. These bonuses are being accrued over the estimated service period. We expect to incur additional costs relating to the proposed Merger, such as financial advisory, legal, accounting, and other professional services fees, along with retention bonuses, however, these additional costs cannot be estimated at this time. If the Merger Agreement is terminated under certain specified circumstances, we will be required to pay a termination fee of \$82.0 million.
- Exit of Reseller Agreements. During 2023, we exited out of two reseller agreements that were acquired with the 2018 acquisition of Forte Payment Systems, Inc. at a total cost of \$9.9 million, of which \$1.8 million was paid in 2023, \$5.6 million was paid in 2024 and \$1.3 million was paid in 2025. The remaining \$1.2 million was paid in January 2026.
- Capital Expenditures. During 2025, we spent \$14.5 million on capital expenditures.
- Financing Agreements. We have financing agreements for certain of our internal use software. As of December 31, 2025, we have \$11.4 million related to these financing agreements included in current and non-current liabilities on our Balance Sheet. During 2025, we made payments of \$7.2 million related to these financing agreements.
- Long-Term Debt. As of December 31, 2025, our long-term debt consisted of the following: (i) 2025 Credit Agreement Revolver borrowings of \$125.0 million; and (ii) 2023 Convertible Notes in the principal aggregate amount of \$425.0 million.

2025 Credit Agreement. The mandatory payments under our 2025 Credit Agreement for the next twelve months are the cash interest expense (based upon then-current interest rates) for the 2025 Revolver (assuming no further amounts are borrowed, and the amount is not paid down) of \$6.6 million. Should the Merger, discussed above, be consummated, this would result in the outstanding loans under the 2025 Credit Agreement being repaid and commitments thereunder being terminated at the closing.

2023 Convertible Notes. The 2023 Convertible Notes are convertible at the option of the note holders before June 15, 2028 upon the occurrence of certain events. Should the Merger, discussed above, be consummated, this would likely result in a conversion trigger for the note holders. The Capped Call Transactions entered into in connection with the pricing of the 2023 Convertible Notes are expected to be unwound if the Merger is consummated.

Our long-term debt obligations are discussed in more detail in Note 6 to our Financial Statements.

In summary, we expect to continue to have material needs for capital resources going forward, as noted above. We believe that our current cash and cash equivalents balances and the 2025 Revolver, together with cash expected to be generated in the future from our current operating activities, will be sufficient to meet our anticipated capital resource requirements for at least the next twelve months.

We have agreed to various covenants in the Merger Agreement, including, among others, to use commercially reasonable efforts to conduct our business in all material respects in the ordinary course between the execution of the Merger Agreement and the closing of the Merger. Outside of certain limited exceptions and subject to certain specified thresholds, we may not take certain actions without NEC's prior consent. We do not believe these restrictions will prevent us from meeting our liquidity and capital resource needs or requirements, including our ongoing costs of operations, working capital needs, or capital expenditures.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the potential loss arising from adverse changes in market rates and prices. As of December 31, 2025, we are exposed to various market risks, including changes in interest rates, fluctuations and changes in the market value of our cash equivalents and settlement and merchant reserve assets, and changes in foreign currency exchange rates. We have not historically entered into derivatives or other financial instruments for trading or speculative purposes.

Interest Rate Risk

Long-Term Debt. The interest rate on our 2023 Convertible Notes is fixed, and thus, as it relates to our convertible debt borrowings, we are not exposed to changes in interest rates.

The interest rates on our 2025 Credit Agreement are based upon an adjusted SOFR rate (including a 0.10% credit spread adjustment) plus an applicable margin, or an alternate base rate ("ABR") plus an applicable margin. See Note 6 to our Financial Statements for further details related to our long-term debt.

A hypothetical adverse change of 10% in the December 31, 2025 adjusted SOFR rate would not have a material impact upon our results of operations.

Market Risk

Cash and Cash Equivalents. Our cash and cash equivalents as of December 31, 2025 and 2024 were \$180.0 million and \$161.8 million, respectively. Certain of our cash balances are swept into overnight money market accounts on a daily basis, and at times, excess funds may be invested in low-risk institutional instruments held at major banks. We have minimal market risk for our cash and cash equivalents due to the relatively short maturities of the instruments.

Settlement and Merchant Reserve Assets. We are exposed to market risk associated with cash held on behalf of our merchants related to our payment processing services. As of December 31, 2025 and 2024, we had \$350.4 million and \$343.2 million, respectively, of cash collected on behalf of our merchants. The cash is held in accounts with various major financial institutions in the U.S. and Canada in an amount equal to at least 100% of the aggregate amount owed to our merchants. These balances can significantly fluctuate between periods due to activity at the end of the period and the day in which the period ends. Certain settlement assets are swept into overnight money market accounts on a daily basis.

Long-Term Debt. The fair value of our convertible debt is exposed to market risk. We do not carry our convertible debt at fair value but present the fair value for disclosure purposes (see Note 3 to our Financial Statements). Generally, the fair value of our convertible debt is impacted by changes in interest rates and changes in the price and volatility of our common stock. As of December 31, 2025, the fair value of the 2023 Convertible Notes was estimated at \$504.4 million, using quoted market prices.

Foreign Currency Exchange Rate Risk

Due to foreign operations around the world, our financial statements are exposed to foreign currency exchange risk due to the fluctuations in the value of currencies in which we conduct business. Our principal currency exposures include the British Pound, Euro, Australian Dollar, Saudi Riyal, and South African Rand. While we attempt to maximize natural hedges by incurring expenses in the same currency in which we contract revenue, the related expenses for that revenue could be in one or more differing currencies than the revenue stream. In particular, if the U.S. Dollar were to strengthen it would reduce the reported amount of our foreign-denominated cash, cash equivalents, trade receivables, revenue, and expenses that we translate into U.S. Dollars and report in our consolidated financial statements for, and as of the end of, each reporting period. Other than the U.S. Dollar, the carrying amounts of our monetary assets and monetary liabilities recorded for our non-U.S. subsidiaries in currencies denominated other than the functional currency of those non-U.S. subsidiaries were not material.

During the year ended December 31, 2025, we generated approximately 87% of our revenue in U.S. dollars. We expect that, in the foreseeable future, we will continue to generate a very large percentage of our revenue in U.S. dollars.

We have analyzed our foreign currency exposure as of December 31, 2025. A hypothetical adverse change of 10% in the December 31, 2025 exchange rates would not have had a material impact upon our results of operations.

Item 8. Financial Statements and Supplementary Data

CSG SYSTEMS INTERNATIONAL, INC.
CONSOLIDATED FINANCIAL STATEMENTS
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Management's Report on Internal Control Over Financial Reporting

Management of CSG Systems International, Inc. and subsidiaries (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) under the Securities Exchange Act of 1934, as amended. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

- (i) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (ii) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (iii) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

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

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2025. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013)*.

Based on our assessment, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2025.

The Company's independent registered public accounting firm, KPMG LLP, has issued an attestation report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2025. That report appears immediately following.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
CSG Systems International, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited CSG Systems International, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2025, and the related notes (collectively, the consolidated financial statements), and our report dated February 19, 2026 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ KPMG LLP

Omaha, Nebraska
February 19, 2026

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
CSG Systems International, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of CSG Systems International, Inc. and subsidiaries (the Company) as of December 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2025, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 19, 2026 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

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

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

Critical Audit Matter

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

Agreements with significant customers

As discussed in Note 4 to the consolidated financial statements, the Company generated 36% of its revenue from its two largest customers (significant customers). The agreements with these significant customers are complex and subject to modification in the form of amendments, change requests, or statements of work, which can occur frequently. The accounting for these agreements requires significant judgments to be made by the Company, specifically whether a new or revised agreement is treated as either a separate contract or modification of an existing contract. The judgments could significantly affect revenue recognized in any period.

We identified the evaluation of agreements with significant customers as a critical audit matter. Due to the subjectivity and complexity in the application of the portion of the accounting standard related to contract modifications, the assessment of the Company's judgments regarding whether each new or revised agreement is treated as a separate contract or modification of an existing contract required a higher degree of auditor judgment.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's revenue recognition process. This included controls over monitoring and evaluating agreements with significant customers. For certain new or revised agreements with significant customers, we obtained and read the agreement, performed an independent analysis of the accounting treatment as a separate contract or modification of an existing contract, and compared our conclusions to those made by the Company.

/s/ KPMG LLP

We have served as the Company's auditor since 2002.

Omaha, Nebraska
February 19, 2026

CSG SYSTEMS INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	December 31, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 180,011	\$ 161,789
Settlement and merchant reserve assets	350,390	343,235
Trade accounts receivable:		
Billed, net of allowance of \$3,277 and \$3,041	299,724	266,903
Unbilled	67,888	80,173
Income taxes receivable	3,443	2,600
Other current assets	36,227	46,182
Total current assets	937,683	900,882
Non-current assets:		
Property and equipment, net of depreciation of \$122,947 and \$133,514	42,505	56,595
Operating lease right-of-use assets	16,278	24,166
Software, net of amortization of \$154,240 and \$154,648	19,716	19,927
Goodwill	324,706	316,041
Acquired customer contracts, net of amortization of \$148,567 and \$133,279	28,589	39,377
Customer contract costs, net of amortization of \$50,245 and \$44,587	71,613	60,809
Deferred income taxes	83,630	73,295
Other assets	19,887	9,595
Total non-current assets	606,924	599,805
Total assets	\$ 1,544,607	\$ 1,500,687
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ -	\$ 7,500
Operating lease liabilities	4,837	11,067
Customer deposits	47,633	41,448
Trade accounts payable	45,281	36,370
Accrued employee compensation	81,001	67,944
Settlement and merchant reserve liabilities	348,257	341,924
Deferred revenue	50,738	54,424
Income taxes payable	1,116	7,802
Other current liabilities	71,941	46,730
Total current liabilities	650,804	615,209
Non-current liabilities:		
Long-term debt, net of unamortized discounts of \$10,548 and \$12,128	539,452	530,997
Operating lease liabilities	21,152	25,020
Deferred revenue	29,480	26,469
Income taxes payable	2,371	2,732
Deferred income taxes	-	94
Other non-current liabilities	17,649	17,597
Total non-current liabilities	610,104	602,909
Total liabilities	1,260,908	1,218,118
Stockholders' equity:		
Preferred stock, par value \$.01 per share; 10,000 shares authorized; zero shares issued and outstanding	-	-
Common stock, par value \$.01 per share; 100,000 shares authorized; 4,009 and 5,513 shares reserved for employee stock purchase plan and stock incentive plans; 28,370 and 28,854 shares outstanding	721	718
Additional paid-in capital	532,885	518,215
Treasury stock, at cost; 42,371 and 41,583 shares	(1,243,972)	(1,194,224)
Accumulated other comprehensive income (loss):		
Cumulative foreign currency translation adjustments	(45,042)	(62,290)
Accumulated earnings	1,039,107	1,020,150
Total stockholders' equity	283,699	282,569
Total liabilities and stockholders' equity	\$ 1,544,607	\$ 1,500,687

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

CSG SYSTEMS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)

	Year Ended December 31,		
	2025	2024	2023
Revenue	\$ 1,223,289	\$ 1,197,248	\$ 1,169,258
Cost of revenue (exclusive of depreciation, shown separately below)	623,569	614,463	615,042
Other operating expenses:			
Research and development	161,570	158,194	143,201
Selling, general and administrative	281,476	258,313	247,613
Depreciation	18,107	21,622	23,189
Restructuring and reorganization charges	19,818	13,323	16,336
Total operating expenses	1,104,540	1,065,915	1,045,381
Operating income	118,749	131,333	123,877
Other income (expense):			
Interest expense	(28,954)	(30,469)	(31,176)
Interest income	5,204	8,685	4,336
Loss on debt extinguishment	(453)	-	-
Other, net	(3,849)	2,723	(4,686)
Total other	(28,052)	(19,061)	(31,526)
Income before income taxes	90,697	112,272	92,351
Income tax provision	(34,816)	(25,420)	(26,105)
Net income	\$ 55,881	\$ 86,852	\$ 66,246
Weighted-average shares outstanding:			
Basic	27,694	28,345	29,938
Diluted	28,218	28,665	30,115
Earnings per common share:			
Basic	\$ 2.02	\$ 3.06	\$ 2.21
Diluted	1.98	3.03	2.20

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

CSG SYSTEMS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Year Ended December 31,		
	2025	2024	2023
Net income	\$ 55,881	\$ 86,852	\$ 66,246
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	17,248	(11,877)	8,416
Other comprehensive income (loss), net of tax	17,248	(11,877)	8,416
Total comprehensive income, net of tax	<u>\$ 73,129</u>	<u>\$ 74,975</u>	<u>\$ 74,662</u>

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

CSG SYSTEMS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Shares of Common Stock Outstanding	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings	Total Stockholders' Equity
BALANCE, January 1, 2023	31,269	\$ 708	\$ 495,189	\$ (1,018,034)	\$ (58,829)	\$ 936,215	\$ 355,249
Comprehensive income:							
Net income	-	-	-	-	-	66,246	
Foreign currency translation adjustments	-	-	-	-	8,416	-	
Total comprehensive income							74,662
Repurchase of common stock	(2,369)	(2)	(10,156)	(118,021)	-	-	(128,179)
Issuance of common stock pursuant to employee stock purchase plan	74	-	3,284	-	-	-	3,284
Issuance of restricted common stock pursuant to stock-based compensation plans	666	7	(7)	-	-	-	-
Cancellation of restricted common stock issued pursuant to stock-based compensation plans	(99)	-	-	-	-	-	-
Stock-based compensation	-	-	28,990	-	-	-	28,990
Purchase of capped call transactions, net of tax	-	-	(26,353)	-	-	-	(26,353)
Dividends	-	-	-	-	-	(34,327)	(34,327)
BALANCE, December 31, 2023	29,541	713	490,947	(1,136,055)	(50,413)	968,134	273,326
Comprehensive income:							
Net income	-	-	-	-	-	86,852	
Foreign currency translation adjustments	-	-	-	-	(11,877)	-	
Total comprehensive income							74,975
Repurchase of common stock	(1,362)	(1)	(9,361)	(58,169)	-	-	(67,531)
Issuance of common stock pursuant to employee stock purchase plan	73	-	3,072	-	-	-	3,072
Issuance of restricted common stock pursuant to stock-based compensation plans	777	8	(9)	-	-	-	(1)
Cancellation of restricted common stock issued pursuant to stock-based compensation plans	(175)	(2)	2	-	-	-	-
Stock-based compensation	-	-	33,564	-	-	-	33,564
Dividends	-	-	-	-	-	(34,836)	(34,836)
BALANCE, December 31, 2024	28,854	718	518,215	(1,194,224)	(62,290)	1,020,150	282,569
Comprehensive income:							
Net income	-	-	-	-	-	55,881	
Foreign currency translation adjustments	-	-	-	-	17,248	-	
Total comprehensive income							73,129
Repurchase of common stock	(1,258)	(4)	(33,060)	(49,748)	-	-	(82,812)
Issuance of common stock pursuant to employee stock purchase plan	46	-	2,473	-	-	-	2,473
Issuance of restricted common stock pursuant to stock-based compensation plans	785	8	(8)	-	-	-	-
Cancellation of restricted common stock issued pursuant to stock-based compensation plans	(57)	(1)	1	-	-	-	-
Stock-based compensation	-	-	45,264	-	-	-	45,264
Dividends	-	-	-	-	-	(36,924)	(36,924)
BALANCE, December 31, 2025	28,370	\$ 721	\$ 532,885	\$ (1,243,972)	\$ (45,042)	\$ 1,039,107	\$ 283,699

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

CSG SYSTEMS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2025	2024	2023
Cash flows from operating activities:			
Net income	\$ 55,881	\$ 86,852	\$ 66,246
Adjustments to reconcile net income to net cash provided by operating activities-			
Depreciation	18,979	22,061	23,585
Amortization	53,480	50,447	47,667
Loss on debt extinguishment	453	-	-
Asset impairments	251	717	2,061
Gain on lease modifications	-	(174)	(4,349)
(Gain) loss on unrealized foreign currency transactions and other, net	655	(525)	225
Deferred income taxes	(9,240)	(16,503)	(23,560)
Stock-based compensation	45,264	33,564	28,990
Changes in operating assets and liabilities, net of acquired amounts:			
Trade accounts receivable, net	(24,798)	4,134	(22,401)
Other current and non-current assets and liabilities	(14,664)	(13,042)	(6,566)
Income taxes payable/receivable	(7,839)	2,126	(1,849)
Trade accounts payable and accrued liabilities	41,438	(38,486)	12,541
Deferred revenue	(3,921)	4,546	9,306
Net cash provided by operating activities	155,939	135,717	131,896
Cash flows from investing activities:			
Purchases of software, property, and equipment	(14,548)	(22,421)	(27,977)
Proceeds from sale of software, property, and equipment	412	-	-
Proceeds from sale/maturity of short-term investments	-	-	71
Business combinations, net of cash and settlement assets acquired of \$46,432 in 2024	-	17,293	-
Net cash used in investing activities	(14,136)	(5,128)	(27,906)
Cash flows from financing activities:			
Proceeds from issuance of common stock	2,473	3,072	3,284
Payments of cash dividends	(37,396)	(26,608)	(33,930)
Repurchases of common stock	(83,177)	(67,745)	(127,065)
Deferred acquisition payments	(314)	(2,488)	(3,220)
Proceeds from long-term debt	150,625	15,000	470,000
Payments on long-term debt	(151,250)	(22,500)	(327,500)
Purchase of capped call transactions related to convertible notes	-	-	(34,298)
Payments of debt financing costs	(2,258)	-	(14,539)
Payments on financing obligations	(6,194)	(2,538)	-
Settlement and merchant reserve activity	6,047	23,884	35,963
Net cash used in financing activities	(121,444)	(79,923)	(31,305)
Effect of exchange rate fluctuations on cash, cash equivalents, and restricted cash	5,064	(7,779)	2,173
Net increase in cash, cash equivalents, and restricted cash	25,423	42,887	74,858
Cash, cash equivalents, and restricted cash, beginning of period	506,763	463,876	389,018
Cash, cash equivalents, and restricted cash, end of period	\$ 532,186	\$ 506,763	\$ 463,876
Supplemental disclosures of cash flow information:			
Cash paid during the period for-			
Interest	\$ 25,391	\$ 27,119	\$ 24,730
Income taxes	52,212	39,944	51,675
Non-cash investing and financing activities-			
Software, property, and equipment included in current and non-current liabilities	11,376	8,469	-
Reconciliation of cash, cash equivalents, and restricted cash:			
Cash and cash equivalents	\$ 180,011	\$ 161,789	\$ 186,264
Settlement and merchant reserve assets	350,390	343,235	274,699
Restricted cash included in non-current assets	1,785	1,739	2,913
Total cash, cash equivalents, and restricted cash	\$ 532,186	\$ 506,763	\$ 463,876

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General

CSG Systems International, Inc. (the “Company”, “CSG”, or forms of the pronoun “we”), a Delaware corporation, was formed in October 1994 and is based in Denver, Colorado. We are a purpose-driven, SaaS platform company with revenue management and digital monetization, customer experience, and payments solutions serving a wide variety of industry verticals. Our cloud-first architecture and customer-centric approach help companies around the world acquire, monetize, engage, and retain their B2B (business-to-business), B2C (business-to-consumer), and B2B2X (business-to-business-to-consumer) customers. Over the years, we have focused our research and development (“R&D”) and acquisition investments on expanding our solution set to address the complex, transformative needs of our customers. We are a member of the S&P SmallCap 600 and Russell 2000 indices.

The accompanying Consolidated Financial Statements (“Financial Statements”) are prepared in conformity with generally accepted accounting principles (“GAAP”) in the United States of America (“U.S.”).

2. Plan of Merger

On October 29, 2025, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with NEC Corporation, a company incorporated under the laws of Japan (“NEC”) and Canvas Transaction Company, Inc., a Delaware corporation and a direct or indirect wholly owned subsidiary of NEC (“Merger Sub”). Pursuant to the terms and subject to the conditions set forth in the Merger Agreement, Merger Sub will merge with and into CSG (the “Merger”), with CSG continuing as the surviving corporation as a wholly owned subsidiary of NEC. Our Board of Directors (the “Board”) unanimously approved the Merger Agreement and the transactions contemplated thereby, including the Merger, and, subject to the terms of the Merger Agreement, recommended that our stockholders adopt the Merger Agreement.

Per the terms and subject to the conditions set forth in the Merger Agreement, at the effective time of the Merger (the “Effective Time”), each share of CSG common stock that is issued and outstanding immediately prior to the Effective Time (other than the Cancelled Shares and Dissenting Shares, as they are defined in the Merger Agreement), will be converted into the right to receive \$80.70 per share in cash (the “Merger Consideration”).

In addition, the Merger Agreement provides for the following treatment of our equity awards:

- Each outstanding time-based restricted stock award that is vested as of immediately prior to the Effective Time (or that will vest solely as a result of the consummation of the transactions contemplated by the Merger Agreement, including, if the Effective Time occurs in 2026, restricted stock awards granted in 2024 that would have completed their full vesting period and been settled in accordance with their terms in 2027) will be converted into the right to receive an amount in cash equal to the number of CSG shares underlying such award multiplied by the Merger Consideration, plus any applicable accrued and unpaid dividends, and become payable shortly following the Effective Time, and each other outstanding time-based restricted stock award will be converted into a deferred cash award based on the number of CSG shares underlying such award multiplied by the Merger Consideration, plus any applicable accrued and unpaid dividends, and will vest and become payable on the original time-based vesting schedule, subject to substantially the same terms and conditions as the corresponding restricted stock award.
- Each outstanding performance-based or market-based restricted stock award (other than the Chief Executive Officer (“CEO”) Award (as defined below)) that is vested as of immediately prior to the Effective Time (or that will vest solely as a result of the consummation of the transactions contemplated by the Merger Agreement, including, if the Effective Time occurs in 2026, restricted stock awards that would have completed their full vesting period and been settled in accordance with their terms in 2027) will be converted into the right to receive an amount in cash equal to the number of CSG shares underlying such award (with applicable performance metrics generally deemed achieved at the greater of target and actual performance as of the latest practicable date prior to the Effective Time) multiplied by the Merger Consideration, plus any applicable accrued and unpaid dividends, and become payable shortly following the Effective Time, and each other outstanding performance-based or market-based restricted stock award (other than the CEO Award) will be converted into a deferred cash award based on the number of CSG shares underlying such award multiplied by the Merger Consideration (with applicable performance metrics deemed achieved at the greater of target and actual performance as of the latest practicable date prior to the Effective Time), plus any applicable accrued and unpaid dividends, and will vest and become payable on the original time-based vesting schedule, subject to substantially the same terms and conditions as the corresponding performance-based or market-based restricted stock award.
- The market-based restricted stock award granted to our CEO on December 10, 2024 (the “CEO Award”) will be converted into a deferred cash award based on the number of CSG shares underlying such award (with applicable performance metrics deemed achieved based on the Merger Consideration) multiplied by the Merger Consideration, plus any applicable accrued and unpaid dividends, and will vest and become payable on the original time-based vesting schedule, subject to substantially the same terms and conditions as the CEO Award.

- Each restricted stock award that would have fully vested and settled in accordance with its terms in 2026 vested in December 2025, with any applicable performance-based and market-based vesting conditions deemed achieved based on actual performance as of the latest practicable date.
- In addition to the acceleration provided for above, and in consultation with NEC, in December 2025 we accelerated the vesting of certain restricted stock awards for seven individuals to mitigate the tax impacts under Section 280G, *Golden Parachute Payments*, of the Internal Revenue Code ("IRC"). For any performance-based and market-based restricted stock awards that were accelerated, the applicable performance metrics were deemed achieved at the greater of target and actual performance as of the latest practicable date.

On January 30, 2026, our stockholders approved the adoption of the Merger Agreement at the special meeting of our stockholders convened for such purpose. The closing of the Merger is expected to occur by the end of 2026, subject to the satisfaction of the remaining customary closing conditions and required regulatory approvals. If the Merger is consummated, CSG shares will be delisted from the Nasdaq Global Select Market and deregistered under the Securities Exchange Act of 1934, as amended.

If the Merger Agreement is terminated under certain specified circumstances, CSG will be required to pay NEC a termination fee of \$82.0 million. If the Merger Agreement is terminated under other certain specified circumstances, NEC will be required to pay CSG a termination fee of \$135.0 million.

The foregoing summary of the Merger Agreement and the transactions contemplated thereby does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Merger Agreement, which is filed as Exhibit 2.01 to this Form 10-K. Additional information about the Merger Agreement and the Merger is set forth in our Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission ("SEC") on December 16, 2025, as supplemented.

As of December 31, 2025, in connection with the proposed Merger, we have recognized \$13.7 million of transaction-related costs primarily within Selling, General and Administrative expenses ("SG&A") in our Income Statement, of which approximately \$10 million will be paid upon closing. We expect to incur additional costs relating to the proposed Merger, such as financial advisory, legal, accounting, retention bonuses, and other professional services fees.

3. Summary of Significant Accounting Policies

Principles of Consolidation. Our Financial Statements include all of our accounts and our subsidiaries' accounts. All material intercompany accounts and transactions have been eliminated.

Translation of Foreign Currency. Our foreign subsidiaries generally use the local currency of the countries in which they operate as their functional currency. Their assets and liabilities are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. Revenue, expenses, and cash flows are translated at the average exchange rates prevailing during the period. Foreign currency translation adjustments are included in comprehensive income in stockholders' equity. Foreign currency transaction gains and losses are included in the determination of net income.

Use of Estimates in Preparation of Our Financial Statements. The preparation of our Financial Statements requires management to make estimates and use assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of our Financial Statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The more critical accounting estimates and related assumptions that may affect our financial position and results of operations are in the areas of: (i) revenue recognition; (ii) income taxes; and (iii) loss contingencies.

Revenue Recognition. We recognize revenue from our customer contracts when we satisfy our performance obligations by transferring control of a particular product or service, or group of products or services, to our customers, as described in more detail below. Taxes assessed on our products and services based on governmental authorities at the time of invoicing are generally excluded from our revenue.

SaaS and Related Solutions

Our SaaS and related solutions include: (i) our revenue management platform solutions; (ii) our managed services offering in which we operate software solutions (primarily our software solutions) on behalf of our customers; and (iii) our SaaS payments platform solutions.

We contract for our revenue management platform solutions using long-term arrangements whose terms have typically ranged from three to five years. These arrangements consist of a series of multiple services delivered daily or monthly, to include: (i) revenue management platforms; (ii) related products and services (e.g., field service management tools, consumer credit verifications, etc.); (iii) digital enablement and delivery functions; and (iv) customer statement invoice printing and mailing services. The fees for these services typically are billed to our customers monthly based upon actual monthly volumes and/or usage of services (e.g., the number of customer accounts maintained on our solutions, the number of transactions processed on our solutions, and/or the quantity and content of the monthly statements and mailings processed through our solutions).

For revenue management platform arrangements, the total contract consideration (including impacts of discounts, incentives, and/or service level agreements) is primarily variable dependent upon actual monthly volumes and/or usage of services; however, these contracts can also include ancillary fixed consideration in the form of one-time, monthly, or annual fees. The pricing of products and services in these contracts is generally at stand-alone selling price, with no allocation of value between the individual performance obligations. In situations where we do an allocation, we determine stand-alone selling price based on established pricing and/or cost, plus an applicable margin. Revenue is generally recognized based on activities performed over a series of daily or monthly periods.

We contract for managed services using long-term arrangements whose terms have typically ranged from three to five years. Under managed services arrangements, we operate software products (primarily our software solutions) on behalf of our customers: (i) out of a customer's data center; (ii) out of our data center; or (iii) out of a third-party data center. Managed services can also include us providing other services, such as transitional services, fulfillment, remittance processing, operational consulting, back office, and end-user billing services.

For managed services arrangements, the total contract consideration is typically a fixed monthly fee, but these contracts may also have variable fee components. The fees for these services typically are billed to our customers on a monthly basis. Unless managed services are included with a software license contract (as discussed further below), there is generally only one performance obligation and revenue is recognized for these arrangements on a ratable basis as the services are performed.

Our contracts for SaaS payments platform solutions are generally month-to-month or fixed term with automatic renewals. Services provided under these arrangements primarily include Automated Clearing House ("ACH") transaction processing, credit/debit card processing, web-based and telephone payment processing, and real-time check verification and authentication services. The fees for these services typically are billed on a monthly basis.

Our SaaS payments platform arrangements are comprised of one performance obligation. Revenue for these services is based primarily on a fee per transaction or a percentage of the transaction principal, and is recognized as delivered over a series of daily service periods. Transaction fees collected from merchants are recognized as revenue on a gross basis when we are the principal in completing the payment processing transaction. As a principal to the transaction, we control the service of processing payments on our platform. We bear primary responsibility for the fulfillment of the payment service, contract directly with the merchant, and have full discretion in determining the fee charged to our customers which is independent of the costs we incur when we utilize payment processors or other financial institutions to perform services on our behalf. We therefore bear full margin risk when completing a payment processing transaction. Transaction fees are primarily comprised of fees paid to third-party payment processors and other financial institutions and interchange fees paid in conjunction with the delivery of service to customers under our payments services contracts. These fees are recognized in cost of revenue.

Fees related to set-up or implementation activities for both SaaS and related solutions and managed services contracts are generally deferred and recognized ratably over the related service period to which the activities relate.

Depending on the significance of variable consideration, number of products/services, complex pricing structures, and long-term nature of these types of contracts, the judgments and estimates made in this area could have a significant effect on the amount and timing of revenue recognized in any period.

Software and Services

Our software and services revenue relates primarily to: (i) software license sales on either a perpetual or term license basis; and (ii) professional services to implement the software. Our software and services contracts are often contracted in bundled arrangements that include the software license and related implementation services, and may also include maintenance, managed services, and/or additional professional services.

For our software arrangements, total contract consideration is allocated between the separate performance obligations based on stand-alone selling prices for software licenses, cost plus applicable margin for third-party licenses and/or services, and established pricing for maintenance. The initial sale of our software products generally requires significant production, modification, or customization, such that the delivery of the software license and related professional services required to implement the software represent one combined performance obligation that is satisfied over time based on hours worked (i.e., hours-based method). We are using hours worked on the project, compared against total expected hours to complete the project, as the measure to determine progress toward completion as we believe it is the most appropriate metric to measure such progress. The software and services fees are generally fixed fees billed to our customers on a milestone or date basis.

The determination of the performance obligations and allocation of value for software license arrangements require significant judgment. We generally determine stand-alone selling prices using pricing calculations (which include regional market factors) for our software license fees and maintenance, and cost-plus margins for services. Additionally, our use of an hours-based method of accounting for software license and other professional services performance obligations that are satisfied over time requires estimates of the total expected hours necessary to complete a project. Changes in estimates as a result of additional information or experience on a project as work progresses are inherent characteristics of this method of revenue recognition as we are exposed to business risks in completing these types of performance obligations. The estimation process to support our hours-based recognition method is more difficult for projects of greater length and/or complexity. The judgments and estimates made for these types of obligations could: (i) have a significant effect on revenue recognized in any period by changing the amount and/or the timing of the revenue recognized; and/or (ii) impact the expected profitability of a project, including whether an overall loss on an arrangement has occurred. To mitigate the inherent risks in using this hours-based method, we track our current hours expended against our estimates on a periodic basis and continually reevaluate the appropriateness of our estimates.

In certain instances, we sell software license volume upgrades, which provide our customers with the right to use our software to process higher transaction volume levels. In these instances, we analyze the contract to determine if the volume upgrade is a separate performance obligation and if so, we recognize the value associated with the software license as revenue on the effective date of the volume upgrade.

A portion of our professional services revenue is contracted separately (e.g., business consulting services, etc.). Such contracts can either be on a fixed-price or time-and-materials basis. Revenue from fixed-price professional service contracts is recognized using an estimated hours-based method (discussed above), as these professional services represent a performance obligation that is satisfied over time. Revenue from professional services contracts billed on a time-and-materials basis is recognized as the services are performed.

Maintenance

Our maintenance revenue relates primarily to support of our software once it has been implemented and placed in service. Maintenance revenue is recognized ratably over the software maintenance period as services are provided. Our maintenance consists primarily of customer and product support, technical updates (e.g., bug fixes, etc.), and unspecified upgrades or enhancements to our software products. If specified upgrades or enhancements are offered in a contract, they are accounted for as a separate performance obligation. Maintenance may be invoiced to our customers on a monthly, quarterly, or annual basis.

Transaction Price Allocated to Remaining Performance Obligations

As of December 31, 2025, our aggregate amount of the transaction price allocated to the remaining performance obligations was approximately \$2.2 billion, which is made up of fixed fee consideration and guaranteed minimums expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied). We expect to recognize over 65% of this amount by the end of 2028, with the remaining amount recognized by the end of 2036. We have excluded from this amount variable consideration expected to be recognized in the future related to performance obligations that are unsatisfied. The majority of our future revenue is related to our SaaS and related solutions customer contracts that includes variable consideration dependent upon a series of monthly volumes and/or daily usage of services and have contractual terms ending from 2026 through 2036.

Disaggregation of Revenue

The nature, amount, timing, and uncertainty of our revenue and how revenue and cash flows are affected by economic factors is most appropriately depicted by revenue type, geographic region, and customer vertical.

Revenue by type for 2025, 2024, and 2023 was as follows (in thousands):

	2025	2024	2023
Revenue:			
SaaS and related solutions	\$ 1,101,700	\$ 1,069,325	\$ 1,024,572
Software and services	74,305	80,935	98,078
Maintenance	47,284	46,988	46,608
Total revenue	<u>\$ 1,223,289</u>	<u>\$ 1,197,248</u>	<u>\$ 1,169,258</u>

We use the location of the customer as the basis of attributing revenue to geographic regions. Revenue by geographic region for 2025, 2024, and 2023, as a percentage of our total revenue, was as follows:

	2025	2024	2023
Americas (principally the U.S.)	85%	87%	86%
Europe, Middle East, and Africa	10%	9%	10%
Asia Pacific	5%	4%	4%
Total revenue	<u>100%</u>	<u>100%</u>	<u>100%</u>

We generate our revenue primarily from the global communications markets; however, we serve an expanding group of customers in markets including retail, financial services, healthcare, insurance, and government entities. Revenue by customer vertical for 2025, 2024, and 2023, as a percentage of our total revenue, was as follows:

	2025	2024	2023
Broadband/Cable/Satellite	51%	52%	52%
Telecommunications	18%	18%	20%
Other	31%	30%	28%
Total revenue	100%	100%	100%

Billed and Unbilled Accounts Receivable. Billed accounts receivable represents our unconditional rights to consideration. Once invoiced, our payment terms are generally between 30-60 days. Unbilled accounts receivable represents our rights to consideration for work completed but not billed. Unbilled accounts receivable is transferred to billed accounts receivable when the rights become unconditional, which is generally at the time of invoicing. Unbilled accounts receivable that are expected to be billed beyond the next twelve months are considered long-term unbilled accounts receivable and are included in other non-current assets. As of December 31, 2025 and 2024 our long-term unbilled accounts receivable were \$8.9 million and zero, respectively.

The following table rolls forward our unbilled accounts receivable from January 1, 2024 to December 31, 2025 (in thousands):

	Unbilled Receivables
Beginning Balance, January 1, 2024	\$ 82,163
Recognized during the period	267,879
Reclassified to receivables	(268,855)
Other	(1,014)
Ending Balance, December 31, 2024	80,173
Recognized during the period	248,294
Reclassified to receivables	(253,647)
Other	1,918
Ending Balance, December 31, 2025	\$ 76,738

Deferred Revenue. Deferred revenue represents consideration received from customers in advance of services being performed.

The following table rolls forward our deferred revenue from January 1, 2024 to December 31, 2025 (in thousands):

	Deferred Revenue
Beginning Balance, January 1, 2024	\$ 77,646
Revenue recognized that was included in deferred revenue at the beginning of the period	(55,359)
Consideration received in advance of services performed, net of revenue recognized in the current period	59,917
Other	(1,311)
Ending Balance, December 31, 2024	80,893
Revenue recognized that was included in deferred revenue at the beginning of the period	(54,181)
Consideration received in advance of services performed, net of revenue recognized in the current period	50,233
Other	3,273
Ending Balance, December 31, 2025	\$ 80,218

On July 5, 2025, we terminated a Master Services Agreement (the "MSA") for one of our implementation projects in the Latin America region on the basis that the customer unlawfully renounced its obligations under the MSA. During 2025, we stopped implementation work on the project. Through the termination date, we recognized \$1.4 million in revenue during 2025 related to this project. As of December 31, 2025, we had accounts receivable of \$18.1 million (\$1.3 million billed and \$16.8 million unbilled) related to this implementation project and we are pursuing any and all available remedies to recover the amounts outstanding. As of the date of this filing, we do not believe there has been an impairment to the carrying values of the assets and believe such amounts are recoverable per the terms of the MSA or as a matter of common law.

Postage. We pass through to our customers the cost of postage that is incurred on behalf of those customers, and typically require an advance payment on expected postage costs. These advance payments are included in customer deposits in the accompanying Consolidated Balance Sheets ("Balance Sheets" or "Balance Sheet") and are classified as current liabilities regardless of the contract period. We net the cost of postage against the postage reimbursements and include the net amount (which is not material) in SaaS and related solutions revenue.

Cash and Cash Equivalents. We consider all highly liquid investments with original maturities of three months or less as of the date of purchase to be cash equivalents. As of December 31, 2025 and 2024, our cash equivalents consist primarily of institutional money market funds and time deposits held at major banks. For the cash and cash equivalents denominated in foreign currencies and/or located outside the U.S., we do not anticipate any material amounts being unavailable for use in running our business, but may face limitations on moving cash out of certain foreign jurisdictions due to currency controls and potential negative economic consequences.

Restricted Cash. Restricted cash includes cash that is legally or contractually restricted, as well as our settlement and merchant reserve assets (discussed below). The nature of the restrictions on our settlement and merchant reserve assets consists of contractual restrictions with the merchants and restrictions arising from our policy and intention. It has historically been our policy to segregate settlement and merchant reserve assets from our operating cash balances and our intention is to continue to do so. Our restricted cash mainly serves to collateralize bank and performance guarantees. As of December 31, 2025 and 2024, we had \$1.8 million and \$1.7 million, respectively, of restricted cash included in non-current assets in our Balance Sheets.

Financial Instruments. Our financial instruments as of December 31, 2025 and 2024 include cash and cash equivalents, settlement and merchant reserve assets and liabilities, accounts receivable, accounts payable, and debt. Due to their short maturities, the carrying amounts of cash equivalents, settlement and merchant reserve assets and liabilities, accounts receivable, and accounts payable approximate their fair value. Valuation inputs used to measure the fair value of our cash equivalents held in money market funds were derived from quoted market prices, which are considered Level 1 inputs.

We have chosen not to record our debt at fair value, with changes recognized in earnings each reporting period. The following table indicates the carrying value and estimated fair value of our debt as of the indicated periods (in thousands):

	December 31, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
2025 Credit Agreement (carrying value)	\$ 125,000	\$ 125,000	\$ -	\$ -
2023 Convertible Notes (par value)	425,000	504,422	425,000	429,144
2021 Credit Agreement (carrying value including current maturities)	-	-	125,625	125,625

The fair value of our convertible notes was estimated based upon quoted market prices or recent sales activity, while the fair value of our credit agreements were estimated using a discounted cash flow methodology, both of which are considered Level 2 inputs. See Note 6 for discussion regarding our debt.

Settlement and Merchant Reserve Assets and Liabilities. Settlement assets and settlement liabilities represent cash collected on behalf of merchants via payments processing services which is held for an established holding period until settlement with the customer. The holding period is generally one to four business days depending on the payment model and contractual terms with the customer. During the holding period, cash is subject to restriction and segregation based on the nature of our custodial relationship with the merchants. Should we fail to remit these funds to our merchants, the merchant's sole recourse would be against us, for payment. These rights and obligations are set forth in the contracts between us and the merchants. Settlement assets are held with various major financial institutions and a corresponding liability is recorded for the amounts owed to the customer. At any given time, there may be differences between the cash held and the corresponding liability due to the timing of operating-related cash transfers.

Merchant reserve assets/liabilities represent deposits collected from merchants to mitigate our risk of loss due to nonperformance of settlement obligations initiated by those merchants using our payments processing services, or non-payment by customers for services rendered by us. We perform a credit risk evaluation on each customer based on multiple criteria, which provides the basis for the deposit amount required for each merchant. For the duration of our relationship with each merchant, we hold their reserve deposits with major financial institutions. We hold these funds in separate accounts and are offset by corresponding liabilities.

The following table summarizes our settlement and merchant reserve assets and liabilities as of the indicated periods (in thousands):

	December 31, 2025		December 31, 2024	
	Assets	Liabilities	Assets	Liabilities
Settlement assets/liabilities	\$ 312,424	\$ 310,291	\$ 330,769	\$ 329,458
Merchant reserve assets/liabilities	37,966	37,966	12,466	12,466
Total	\$ 350,390	\$ 348,257	\$ 343,235	\$ 341,924

Concentrations of Credit Risk. In the normal course of business, we are exposed to credit risk. The principal concentrations of credit risk relate to cash deposits, cash equivalents, and accounts receivable. We regularly monitor credit risk exposures and take steps to mitigate the likelihood of these exposures resulting in a loss. We hold our cash deposits and cash equivalents with financial institutions we believe to be of sound financial condition.

We generally do not require collateral or other security to support accounts receivable. We evaluate the creditworthiness of our customers in conjunction with our revenue recognition process, as well as through our ongoing collectability assessment process for accounts receivable. We maintain an allowance for expected losses based upon factors surrounding the credit risk of specific customers, historical trends, and other information. We use various judgments and estimates in determining the adequacy of the allowance for expected losses. See Note 4 for additional details of our concentration of accounts receivable.

The activity in our allowance for expected losses is as follows (in thousands):

	2025	2024	2023
Balance, beginning of year	\$ 3,041	\$ 5,432	\$ 5,528
Additions to/(reversals of) expense	2,157	(951)	1,765
Write-offs	(1,966)	(1,419)	(1,767)
Other	45	(21)	(94)
Balance, end of year	<u>\$ 3,277</u>	<u>\$ 3,041</u>	<u>\$ 5,432</u>

Property and Equipment. Property and equipment are recorded at cost (or at estimated fair value if acquired in a business combination) and are depreciated over their estimated useful lives ranging from three to ten years. Leasehold improvements are depreciated over the shorter of their economic life or the lease term. Depreciation expense is computed using the straight-line method for financial reporting purposes. Depreciation expense for property and equipment is reflected in our Consolidated Statements of Income ("Income Statement" or "Income Statements") separately in the aggregate and is not included in the cost of revenue or the other components of operating expenses, except for accelerated depreciation expense that is included in our restructuring and reorganization charges (see Note 9).

Software. We spend substantial amounts on R&D, particularly for new solutions and enhancements of existing products and services. For development of software solutions that are to be licensed by us, we expense all costs related to the development of the software until technological feasibility is established. For development of software to be used internally (e.g., cloud-based systems software), we expense all costs prior to the application development stage.

During 2025, 2024, and 2023, we spent \$161.6 million, \$158.2 million, and \$143.2 million, respectively, on R&D projects. We did not capitalize any R&D costs in 2025, 2024, and 2023, as the costs subject to capitalization during these periods were not material. We did not have any capitalized R&D costs included in our December 31, 2025 and 2024 Balance Sheets.

Realizability of Long-Lived Assets. We evaluate our long-lived assets, other than goodwill, for possible impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. A long-lived asset is impaired if estimated future undiscounted cash flows associated with that asset are insufficient to recover the carrying amount of the long-lived asset. If deemed impaired, the long-lived asset is written down to its estimated fair value.

Goodwill. We evaluate our goodwill for impairment on an annual basis, as well as we may evaluate our goodwill on a more periodic basis (e.g., quarterly) if events occur or circumstances change that could indicate a potential impairment may have occurred. Goodwill is considered impaired if the carrying value of the reporting unit which includes the goodwill is greater than the estimated fair value of the reporting unit.

Contingencies. We accrue for a loss contingency when: (i) it is probable that an asset has been impaired, or a liability has been incurred; and (ii) the amount of the loss can be reasonably estimated. The determination of loss contingencies is subject to various judgments and estimates. We do not record the benefit from a gain contingency until the benefit is realized.

Earnings Per Common Share ("EPS"). Basic and diluted EPS amounts are presented on our Income Statements. The reconciliation of the basic and diluted EPS denominators related to the common shares is included in the following table (in thousands):

	2025	2024	2023
Basic weighted-average common shares	27,694	28,345	29,938
Dilutive effect of restricted common stock	462	320	177
Dilutive effect of the 2023 Convertible Notes	62	-	-
Diluted weighted-average common shares	<u>28,218</u>	<u>28,665</u>	<u>30,115</u>

The dilutive effect of time-based awards is computed using the treasury stock method. The dilutive effect of performance-based and market-based awards is computed based on the number of shares that would be issued as if the end of the reporting period was the end of the performance period. The dilutive effect of the 2023 Convertible Notes is computed using the if-converted method and only has an effect in those quarterly periods in which our average stock price exceeds the current effective conversion price.

Potentially dilutive common shares related to non-participating unvested restricted stock were excluded from the computation of diluted EPS, as the effect was anti-dilutive, and were not material in any period presented. The capped call transactions (the "Capped Call Transactions") entered into in connection with the pricing of the 2023 Convertible Notes were excluded from the computation of diluted EPS, as the effect was anti-dilutive.

Stock-Based Compensation. Stock-based compensation represents the cost related to stock-based awards granted to employees and non-employee directors. We measure stock-based compensation cost at the grant date of the award, based on the estimated fair value of the award, and recognize the cost (net of estimated forfeitures) over the requisite service period.

Income Taxes. We account for income taxes using the asset and liability method. Under this method, income tax expense is recognized for the amount of taxes payable or refundable for the current year. Deferred tax assets and liabilities are recognized for expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Accounting Pronouncements Adopted. Effective for the year ended December 31, 2025, we adopted ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"), on a retrospective basis. ASU 2023-09 requires entities to disclose more detailed information about their effective tax rate reconciliation as well as information on income taxes paid. The adoption of this standard only impacts disclosures and did not have a material impact on our Financial Statements.

Accounting Pronouncements Issued but Not Yet Effective. In November 2024, the FASB issued ASU No. 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40)* ("ASU 2024-03"), which requires entities to disclose disaggregated information about certain income statement expense line items in the notes to their financial statements on an annual and interim basis. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted. We are currently in the process of evaluating the impact of this ASU on our Financial Statements and related disclosures.

In September 2025, the FASB issued ASU No. 2025-06, *Intangibles - Goodwill and Other - Internal-Use Software Topic 350-40: Targeted Improvements to the Accounting for Internal-Use Software*, which will update the requirements around the capitalization and disclosure of internal-use software. ASU 2025-06 is effective for annual periods beginning after December 15, 2027, and for interim periods within those fiscal years, with early adoption permitted. We are currently in the process of evaluating the impact of this ASU on our Financial Statements and related disclosures.

4. Segment Reporting and Significant Concentration

Segment Information. Our Chief Operating Decision Maker ("CODM") is our President and Chief Executive Officer. We have evaluated how our CODM has organized our Company for purposes of making operating decisions, preparing budgets and forecasts, setting targets, allocating resources, and assessing performance. Our CODM manages all business activities on a consolidated basis, and as a result, we have concluded that as of December 31, 2025, there is one reportable segment.

Our one segment provides solutions and services that help companies around the world monetize and digitally enable the customer experience by accurately capturing, managing, generating, and optimizing the interactions and revenue associated with their customers. We generate a substantial percentage of our revenue from customers utilizing Advanced Convergent Platform ("ACP"), a private SaaS platform, and related solutions (e.g., service technician management, analytics, electronic bill presentment, etc.) within the North American communications markets. In addition, a smaller portion of our revenue is generated from our public SaaS revenue management and payments platforms, serving customers globally. In addition, we license certain solutions (e.g., mediation, partner management, rating, and charging) and provide our professional services to implement, configure, and maintain these solutions. These solutions are sometimes provided under a managed services arrangement, where we assume long-term responsibility for delivering and maintaining our solutions and related operations under a defined scope and specified service levels.

The accounting policies of our one segment are the same as those described in the summary of significant accounting policies (see Note 3). As our one segment is managed on a consolidated basis, our measure of segment profit or loss is consolidated net income. Our CODM uses consolidated net income to assess the performance of our one segment and decide how and where to allocate resources and reinvest profits into the business in areas such as R&D, business and/or asset acquisitions, investments in market share expansion with our existing and potential new customers, talent, technology, the repurchase of our common stock, and/or the payment of dividends. Net income, and components of net income, are used to monitor actual performance and are compared to budgeted and forecasted results to assess the performance of our one segment, set targets, and establish management's incentive compensation. The measure of consolidated segment assets is reported in our Balance Sheets as total assets. We do not have intra-entity sales or transfers.

We regularly provide our CODM a reporting package that shows our results by functional expenses, similar to our Income Statements. However, for purposes of this reporting package, depreciation is included in these functional expense categories, rather than broken out separately. Additionally, certain expenses such as restructuring and reorganization charges, executive transition costs, and acquisition-related costs, along with non-cash charges such as stock-based compensation and amortization of acquired intangibles, are excluded. The table below provides the significant expenses that are regularly provided to our CODM for our one segment, the required disclosable amounts that are included in consolidated net income, and a reconciliation to consolidated net income. In 2025, we have broken out acquisition-related costs as a separate line item, rather than including them in 'Other segment items'. Prior period amounts have been reclassified to conform with the current year presentation.

	2025	2024	2023
Revenue	\$ 1,223,289	\$ 1,197,248	\$ 1,169,258
Less:			
Cost of revenue:			
Transaction fees	106,275	97,857	87,430
All other (1)	510,189	513,237	530,109
Total cost of revenue	616,464	611,094	617,539
Research and development (1)	157,795	155,638	142,962
Selling and marketing (1)	111,955	114,323	114,207
General and administrative (1)	110,841	116,761	108,823
Restructuring and reorganization charges (1)	19,818	13,323	16,336
Stock-based compensation	46,126	34,385	29,480
Acquisition-related costs (2)	41,541	20,039	14,280
Other segment items (3)	(902)	(11,056)	2,104
Interest expense	28,954	30,469	31,176
Income tax provision	34,816	25,420	26,105
Segment net income	55,881	86,852	66,246
Reconciliation of profit or loss:			
Adjustments and reconciling items	-	-	-
Consolidated net income	\$ 55,881	\$ 86,852	\$ 66,246

- (1) These functional expense lines include depreciation expense, which is presented separately on our Income Statements.
- (2) Acquisition-related costs include amortization of acquired intangible assets, earn-out compensation, and transaction-related costs.
- (3) Other segment items include executive transition costs, interest income, loss on debt extinguishment, and foreign currency gains/losses.

Depreciation expense and interest income are separately disclosed on our Income Statements. Amortization expense is separately disclosed on our Consolidated Statements of Cash Flows ("Statements of Cash Flows") and is discussed in Note 5.

Geographic Concentration. We use the location of the customer as the basis of attributing revenue to geographic location. Revenue from countries exceeding 10% of our total revenue for the following years were as follows:

	2025	2024	2023
United States	\$ 991,564	\$ 978,308	\$ 935,391
All other	231,725	218,940	233,867
Total revenue	\$ 1,223,289	\$ 1,197,248	\$ 1,169,258

Long-lived assets (principally, property and equipment, operating lease right-of-use assets, software, acquired customer contracts, and customer contract costs) classified by the location of the controlling statutory company for countries exceeding 10% of the total long-lived asset balance for the following years were as follows:

	2025	2024	2023
United States	\$ 143,189	\$ 172,412	\$ 175,997
All other	35,512	28,462	28,355
Total long-lived assets	\$ 178,701	\$ 200,874	\$ 204,352

Customer Concentration. A large percentage of our revenue is generated from a limited number of customers in the global communications industry, with our three largest customers being Charter Communications, Inc. ("Charter"), Comcast Corporation ("Comcast"), and DISH Network L.L.C.

Revenue from customers exceeding 10% of our total revenue for the following years were as follows:

	2025	2024	2023
Charter	19%	20%	21%
Comcast	17%	19%	18%

As of December 31, 2025 and 2024, the percentage of net billed accounts receivable balances attributable to these customers were as follows:

	As of December 31,	
	2025	2024
Charter	18%	20%
Comcast	15%	17%

We expect to continue to generate a large percentage of our future revenue from our significant customers. There are inherent risks whenever a large percentage of total revenue is concentrated with a limited number of customers. Should a significant customer: (i) terminate or fail to renew their contracts with us, in whole or in part for any reason; (ii) significantly reduce the number of customer accounts processed on our solutions, the price paid for our services, or the scope of services that we provide; or (iii) experience financial or operating difficulties, it could have a material adverse effect on our financial position and results of operations.

5. Goodwill and Long-Lived Assets

Property and Equipment. Property and equipment as of December 31, 2025 and 2024 consisted of the following (in thousands, except years):

	Useful Lives (Years)	December 31, 2025	December 31, 2024
Computer equipment	3-6	\$ 87,930	\$ 94,574
Leasehold improvements	10	21,379	25,415
Operating equipment	3-8	53,957	67,651
Furniture and fixtures	8	2,186	2,469
		165,452	190,109
Less – accumulated depreciation		(122,947)	(133,514)
Property and equipment, net		\$ 42,505	\$ 56,595

Goodwill. We do not have any intangible assets with indefinite lives other than goodwill. A rollforward of goodwill for 2024 and 2025 is as follows (in thousands):

January 1, 2024 balance	\$ 308,596
Goodwill acquired during the period	10,662
Effects of changes in foreign currency exchange rates	(3,217)
December 31, 2024 balance	316,041
Effects of changes in foreign currency exchange rates	8,665
December 31, 2025 balance	\$ 324,706

Other Intangible Assets. Our other intangible assets subject to ongoing amortization consist of acquired customer contracts and software.

Acquired Customer Contracts. As of December 31, 2025 and 2024, the carrying values of our acquired customer contracts were as follows (in thousands):

	December 31, 2025			December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Acquired customer contracts (1)	\$ 177,156	\$ (148,567)	\$ 28,589	\$ 172,656	\$ (133,279)	\$ 39,377

The aggregate amortization related to acquired customer contracts included in our operations for 2025, 2024, and 2023 was as follows (in thousands):

	2025	2024	2023
Acquired customer contracts amortization (1)	\$ 11,082	\$ 11,346	\$ 9,775

- (1) Acquired customer contracts represent assets acquired in our business acquisitions. Acquired customer contracts are amortized over their estimated useful lives ranging from five to twenty years based on the approximate pattern in which the economic benefits of the intangible assets are expected to be realized, with the amortization expense included as cost of revenue in our Income Statements.

The remaining weighted-average amortization period of the acquired customer contracts as of December 31, 2025 was approximately 66 months. Based on the net carrying value of these acquired customer contracts, the estimated amortization for each of the five succeeding fiscal years ending December 31 will be: 2026 – \$8.6 million; 2027 – \$5.3 million; 2028 – \$4.2 million; 2029 – \$3.2 million; and 2030 – \$2.8 million.

Software. As of December 31, 2025 and 2024, the carrying values of our software assets were as follows (in thousands):

	December 31, 2025			December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Acquired software (2)	\$ 85,208	\$ (83,665)	\$ 1,543	\$ 84,283	\$ (79,843)	\$ 4,440
Internal use software (3)	88,748	(70,575)	18,173	90,292	(74,805)	15,487
Total software	\$ 173,956	\$ (154,240)	\$ 19,716	\$ 174,575	\$ (154,648)	\$ 19,927

The aggregate amortization related to software included in our operations for 2025, 2024, and 2023 was as follows (in thousands):

	2025	2024	2023
Acquired software amortization (2)	\$ 2,723	\$ 2,668	\$ 2,410
Internal use software amortization (3)	13,072	11,671	13,624
Total software amortization	\$ 15,795	\$ 14,339	\$ 16,034

- (2) Acquired software represents software and similar intellectual property rights acquired in our business acquisitions, which are amortized over their estimated useful lives ranging from two to eight years. The amortization of acquired software is reflected as a cost of revenue in our Income Statements.
- (3) Internal use software represents: (i) third-party software licenses; and (ii) the internal and external costs related to the implementation of third-party software licenses. Internal use software is amortized over its estimated useful life ranging from one to five years.

The remaining weighted-average amortization period of the software intangible assets as of December 31, 2025 was approximately 18 months. Based on the net carrying value of these intangible assets, the estimated amortization for each of the five succeeding fiscal years ending December 31 will be: 2026 – \$12.0 million; 2027 – \$4.9 million; 2028 – \$1.7 million; 2029 – \$0.9 million; and 2030 – \$0.2 million.

Customer Contract Costs. As of December 31, 2025 and 2024, the carrying values of our customer contract cost assets, related to those contracts with a contractual term greater than one year, were as follows (in thousands):

	December 31, 2025			December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Customer contract incentives (4)	\$ 11,067	\$ (3,577)	\$ 7,490	\$ 5,035	\$ (3,183)	\$ 1,852
Capitalized costs (5)	92,418	(38,638)	53,780	82,363	(33,836)	48,527
Capitalized commission fees (6)	18,373	(8,030)	10,343	17,998	(7,568)	10,430
Total customer contract costs	\$ 121,858	\$ (50,245)	\$ 71,613	\$ 105,396	\$ (44,587)	\$ 60,809

The aggregate amortization related to our customer contract costs included in our operations for 2025, 2024, and 2023 was as follows (in thousands):

	2025	2024	2023
Customer contract incentives amortization (4)	\$ 1,409	\$ 748	\$ 1,136
Capitalized costs amortization (5)	16,151	17,216	15,422
Capitalized commission fees amortization (6)	3,723	3,298	3,733
Total customer contract costs amortization	<u>\$ 21,283</u>	<u>\$ 21,262</u>	<u>\$ 20,291</u>

- (4) Customer contract incentives consist principally of incentives provided to new or existing customers to convert their customer accounts to, or retain their customer accounts on, our solutions. Customer contract incentives are amortized ratably over the contract period to include renewal periods, if applicable, which as of December 31, 2025, range from 2026 to 2031. The amortization of customer contract incentives is reflected as a reduction of revenue in our Income Statements.
- (5) Capitalized costs are related to: (i) customer conversion/set-up activities; and (ii) direct material costs to fulfill long-term revenue management solutions and managed services arrangements. These costs are amortized over the contract period based on the transfer of goods or services to which the assets relate, which as of December 31, 2025, range from 2026 to 2036, and are included in cost of revenue in our Income Statements.
- (6) Capitalized commission fees are incremental commissions paid as a result of obtaining a customer contract. These fees are amortized over the contract period based on the transfer of goods or services to which the assets relate, which as of December 31, 2025, range from 2026 to 2033, and are included in SG&A expenses in our Income Statements. Incremental commission fees incurred as a result of obtaining a customer contract are expensed when incurred if the amortization period of the asset that we otherwise would have recognized is one year or less.

6. Debt

As of December 31, 2025 and 2024, our long-term debt was as follows (in thousands):

	December 31, 2025	December 31, 2024
2025 Credit Agreement:		
\$600 million revolving loan facility, due March 2030, interest at adjusted SOFR plus applicable margin (combined rate of 5.181% at December 31, 2025)	\$ 125,000	\$ -
Less – deferred financing costs	(2,650)	-
2025 Term Loan, net of unamortized discounts	<u>122,350</u>	<u>-</u>
2023 Convertible Notes:		
2023 Convertible Notes – senior unsecured convertible notes, due September 2028, cash interest at 3.875%	425,000	425,000
Less – deferred financing costs	(7,898)	(10,618)
2023 Convertible Notes, net of unamortized discounts	<u>417,102</u>	<u>414,382</u>
2021 Credit Agreement:		
2021 Term Loan, due September 2026, interest at adjusted SOFR plus applicable margin	-	125,625
Less – deferred financing costs	-	(1,510)
2021 Term Loan, net of unamortized discounts	<u>-</u>	<u>124,115</u>
\$450 million revolving loan facility, due September 2026, interest at adjusted SOFR plus applicable margin	-	-
Total debt, net of unamortized discounts	539,452	538,497
Current portion of long-term debt	-	(7,500)
Long-term debt, net of unamortized discounts	<u>\$ 539,452</u>	<u>\$ 530,997</u>

2025 Credit Agreement. In March 2025, we entered into a \$600.0 million five-year debt arrangement (the "2025 Credit Agreement") with a consortium of banks. The 2025 Credit Agreement consists of a \$600.0 million aggregate principal five-year revolving loan facility (the "2025 Revolver") due March 2030 (subject to a springing maturity of 91 days prior to the maturity date of certain of our long-term indebtedness if, on such date, the aggregate principal amount of such indebtedness equals or exceeds \$127.0 million and 50% of consolidated EBITDA (subject to certain exceptions as defined in the 2025 Credit Agreement)). The 2025 Credit Agreement replaced our \$600.0 million five-year credit agreement entered into in September 2021 (the "2021 Credit Agreement"), which consisted of: (i) \$150.0 million aggregate principal five-year term loan (the "2021 Term Loan"); and (ii) \$450.0 million revolving loan facility (the "2021 Revolver").

Upon execution of the 2025 Credit Agreement, we withdrew \$140.6 million from the 2025 Revolver. These funds were used to repay: (i) the outstanding \$125.6 million balance of 2021 Term Loan; (ii) the outstanding \$10.0 million balance of 2021 Revolver that we withdrew during the first quarter of 2025; and (iii) certain fees and expenses in connection with the new debt arrangement, with the remainder used for general corporate purposes.

The interest rates under the 2025 Credit Agreement are based upon our choice of an adjusted Secured Overnight Financing Rate ("SOFR") plus an applicable margin of 1.375% - 2.125%, or an alternate base rate ("ABR") plus an applicable margin of 0.375% - 1.125%, with the applicable margin dependent upon our then-net secured total leverage ratio. We pay a commitment fee of 0.150% - 0.325% of the average daily unused amount of the 2025 Revolver, with the commitment fee rate also dependent upon our then-net secured total leverage ratio.

The 2025 Credit Agreement requires quarterly commitment fee payments and interest payments based on the interest election period. The 2025 Credit Agreement contains certain customary prepayment or repayment provisions. As specified in the 2025 Credit Agreement, if certain customary events were to occur, we may be required to pay all amounts outstanding under the 2025 Credit Agreement, together with interest payable thereon.

The 2025 Credit Agreement contains customary affirmative covenants. In addition, the 2025 Credit Agreement has customary negative covenants that places limits on our ability to: (i) incur additional indebtedness; (ii) create liens on its property; (iii) make investments; (iv) enter into mergers and consolidations; (v) sell assets; (vi) declare dividends or repurchase shares; (vii) engage in certain transactions with affiliates; (viii) prepay certain indebtedness; and (ix) issue capital stock of subsidiaries. We must also meet a total net leverage ratio financial covenant.

During 2025, we repaid \$0.6 million on the 2025 Revolver. As of December 31, 2025, we had \$125.0 million outstanding on the 2025 Revolver, and had issued a standby letter of credit of \$0.2 million that counts against our available 2025 Revolver balance, leaving \$474.8 million available to us.

In conjunction with the closing of the 2025 Credit Agreement, we incurred total debt financing costs of \$2.3 million. As certain lenders from the 2021 Credit Agreement chose not to participate in the 2025 Credit Agreement, we recognized a loss on extinguishment of \$0.5 million, which related to the write-off of unamortized debt issuance costs. The remaining \$0.9 million of unamortized debt issuance costs related to the 2021 Credit Agreement, when combined with the \$2.3 million of debt financing costs related to 2025 Credit Agreement, totaled \$3.2 million and are being amortized to interest expense over the term of the 2025 Credit Agreement.

If the Merger, discussed in Note 2, is consummated, this will result in the outstanding loans under the 2025 Credit Agreement being repaid and commitments thereunder being terminated at the closing.

2023 Convertible Notes. In September 2023, we completed an offering of \$425.0 million of 3.875% senior convertible notes due September 15, 2028 (the "2023 Convertible Notes") to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The 2023 Convertible Notes are unsecured obligations and pay 3.875% annual cash interest, payable semiannually in arrears on March 15 and September 15 of each year.

The 2023 Convertible Notes will be convertible at the option of the noteholders before June 15, 2028, upon the occurrence of certain events. On or after June 15, 2028, and until the close of business on the second scheduled trading day immediately preceding September 15, 2028, the maturity date, noteholders may convert all or any portion of their notes at any time regardless of these conditions. The 2023 Convertible Notes will be convertible at a conversion rate of 14.0753 shares of our common stock per \$1,000 principal amount of the 2023 Convertible Notes, which is equivalent to a conversion price of \$71.05 per share of our common stock and the conversion rate and conversion price will be subject to adjustment upon the occurrence of certain events, in accordance with the terms of the Indenture related to the 2023 Convertible Notes ("2023 Notes Indenture"). Under the terms of the 2023 Convertible Notes, the conversion rate is adjusted for any quarterly dividends exceeding \$0.28 per share. We are required to satisfy our conversion obligation as follows: (i) paying cash up to the aggregate principal amount of notes to be converted; and (ii) to the extent the value of our conversion obligation exceeds the par value, we will satisfy the remaining conversion obligation in our common stock, cash, or a combination thereof, at our election. As of December 31, 2025, none of the conditions to early convert have been met.

We may not redeem the 2023 Convertible Notes prior to September 21, 2026. On or after September 21, 2026, we may redeem for cash all or part of the 2023 Convertible Notes, subject to a partial redemption limitation that requires at least \$100.0 million of the principal amount of the 2023 Convertible Notes to remain outstanding if the last reported sales price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption. The redemption price will equal the principal amount of the 2023 Convertible Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund has been established for the 2023 Convertible Notes.

The 2023 Notes Indenture includes customary terms, including certain events of default after which the 2023 Convertible Notes may be due and payable immediately. The 2023 Notes Indenture contains customary affirmative covenants, including a reporting covenant.

If the Merger, discussed in Note 2, is consummated, this would result in a conversion trigger for the note holders.

In September 2023, in connection with the pricing of the 2023 Convertible Notes, we entered into privately negotiated Capped Call Transactions with certain of the initial purchasers of the 2023 Convertible Notes and other financial institutions (collectively, the "Option Counterparties"). We used \$34.3 million of the net proceeds from the offering of the 2023 Convertible Notes to pay the premiums of the Capped Call Transactions.

The Capped Call Transactions cover, subject to anti-dilution adjustments substantially similar to those applicable to the 2023 Convertible Notes, 5.98 million shares of our common stock, the same number of shares of common stock underlying the 2023 Convertible Notes. The Capped Call Transactions will expire upon the maturity of the 2023 Convertible Notes.

The Capped Call Transactions are expected generally to reduce the potential dilution to our common stock upon conversion of the 2023 Convertible Notes and/or offset any cash payments we are required to make in excess of the principal amount of the 2023 Convertible Notes, in the event that the market price per share of common stock (as measured under the terms of the Capped Call Transactions) is greater than the strike price of the Capped Call Transactions. The strike price of the Capped Call Transactions initially corresponds to the initial conversion price of the 2023 Convertible Notes, or \$71.05 per share of our common stock, plus any carryforward adjustments not yet effected. The Capped Call Transactions have an initial cap price of \$96.52 per share of our common stock, which represents a premium of 80% over the last reported sale price of our common stock on the date the 2023 Convertible Notes were issued, subject to certain adjustments under the terms of the Capped Call Transactions.

The Capped Call Transactions are separate transactions entered into by us with the Option Counterparties. They are not part of the terms of the 2023 Convertible Notes and do not change the holders' rights under the 2023 Convertible Notes. The Capped Call Transactions do not meet the criteria for separate accounting as a derivative as they meet the criteria for equity classification. The premiums paid for the Capped Call Transactions of \$34.3 million have been included as a reduction to additional paid-in capital, net of \$7.9 million of deferred income taxes.

The proceeds from the sale of the 2023 Convertible Notes, net of financing costs, were \$411.0 million. We used the net proceeds to: (i) repay the principal amount of \$275.0 million of outstanding borrowings under our \$450.0 million, five-year revolving loan facility; (ii) repurchase 1.7 million shares of our common stock for \$90.1 million in privately negotiated transactions, concurrently with the pricing of the offering of the 2023 Convertible Notes; and (iii) pay the \$34.3 million premium for the Capped Call Transactions. The remaining net proceeds were used for general corporate purposes.

In conjunction with the closing of the 2023 Convertible Notes, we incurred financing costs of \$14.0 million which are being amortized to interest expense using the effective interest method through maturity.

Estimated Maturities on Long-Term Debt. As of December 31, 2025, the maturities of our long-term debt, based upon: (i) the maturity date of the 2025 Revolver; and (ii) the maturity date of the 2023 Convertible Notes, were as follows (in thousands):

	2026	2027	2028	2029	2030	Total
2025 Revolver	\$ -	\$ -	\$ -	\$ -	\$ 125,000	\$ 125,000
2023 Convertible Notes	-	-	425,000	-	-	425,000
Total long-term debt repayments	\$ -	\$ -	\$ 425,000	\$ -	\$ 125,000	\$ 550,000

Deferred Financing Costs. As of December 31, 2025, net deferred financing costs related to the 2025 Credit Agreement were \$2.7 million and are being amortized to interest expense over the related term of the 2025 Credit Agreement (through March 2030). As of December 31, 2025, net deferred financing costs related to the 2023 Convertible Notes were \$7.9 million and are being amortized to interest expense through the maturity date of the 2023 Convertible Notes (September 2028). The net deferred financing costs are presented as a reduction from the carrying amount of the corresponding debt liability in our Balance Sheets. Interest expense for 2025, 2024, and 2023 includes amortization of deferred financing costs of \$3.5 million, \$3.7 million, and \$1.7 million, respectively. The weighted-average interest rate on our debt borrowings, amortization of deferred financing costs, and commitment fees on the revolving loan facility, for 2025, 2024, and 2023, was approximately 5%, 5%, and 7%, respectively.

Other. We finance certain of our internal use software. During 2025, we entered into financing agreements at a total cost of \$8.6 million with payments through 2030. As of December 31, 2025 and December 31, 2024, we had \$11.4 million and \$8.5 million, respectively, outstanding under these agreements, of which \$7.1 million and \$4.2 million, respectively, were included in other current liabilities with the remaining included in other non-current liabilities in our Balance Sheets. These arrangements are treated as non-cash investing and financing activities for purposes of our Statements of Cash Flows.

7. Leases

We have operating leases for: (i) real estate which includes office space and our design and delivery centers; and (ii) our outsourced data center environment, as discussed further in Note 12. Our leases have remaining terms through 2033, some of which include options to extend the leases for up to an additional ten years. The exercise of lease renewal options is at our sole discretion.

We have made an accounting policy election not to recognize in our Balance Sheets leases with an initial term of twelve months or less, for any class of underlying asset. We have also made an election for real estate leases not to separate the lease and non-lease components, but rather account for the entire arrangement as a single lease component. For our outsourced data center environment agreement, we have concluded that there are lease and non-lease components and have allocated the consideration in the agreement on a relative stand-alone price basis. Due to the significant assumptions and judgments required in accounting for leases (to include whether a contract contains a lease, the allocation of the consideration, and the determination of the discount rate), the judgments and estimates made could have a significant effect on the amount of assets and liabilities recognized.

We sublease certain of our leased real estate to third parties. These subleases have remaining lease terms through 2031.

The components of lease expense for 2025, 2024, and 2023 were as follows (in thousands):

	2025	2024	2023
Operating lease expense	\$ 7,691	\$ 13,222	\$ 16,073
Finance lease expense:			
Amortization of leased assets	1,935	-	-
Interest on leased liabilities	271	-	-
Variable lease expense	2,344	2,847	3,299
Short-term lease expense	1,277	944	1,115
Sublease income	(1,729)	(1,746)	(2,691)
Total net lease expense	<u>\$ 11,789</u>	<u>\$ 15,267</u>	<u>\$ 17,796</u>

The decrease in lease expense is due to our flexible work approach that began in 2022 and has resulted in the consolidation and closure of office space at numerous of our leased real estate locations.

Other information related to leases for 2025, 2024, and 2023 was as follows (in thousands, except term and discount rate):

	2025	2024	2023
Supplemental Cash Flows Information:			
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 8,835	\$ 15,285	\$ 20,559
Cash paid for amounts included in the measurement of finance leases	1,775	-	-
Right-of-use assets obtained in exchange for new operating lease liabilities	1,212	2,348	2,787
Weighted-average remaining lease term - operating leases	67 months	65 months	58 months
Weighted-average discount rate - operating leases	4.31%	4.08%	3.95%

Future minimum lease payments under non-cancelable leases as of December 31, 2025 were as follows (in thousands):

2026	\$ 5,846
2027	5,507
2028	5,342
2029	4,331
2030	3,663
Thereafter	4,829
Total future minimum lease payments	29,518
Less: Interest (1)	(3,529)
Total	<u>\$ 25,989</u>
Current operating lease liabilities	\$ 4,837
Non-current operating lease liabilities	21,152
Total	<u>\$ 25,989</u>

(1) We use our functional currency adjusted incremental borrowing rate for the discount rate.

In March 2025, we extended our agreement with our outsourced data center environment provider to provide us with outsourced computing services through December 31, 2032 (see Note 12). As part of this extension, our mainframe hardware refresh for our outsourced data center environment is now scheduled to be completed during 2026. Upon completion of the mainframe hardware refresh, we will evaluate the lease and non-lease components and allocate the consideration between them.

8. Acquisitions

iCheckGateway.com, LLC. On June 3, 2024, we acquired 100% of the equity of iCheckGateway.com, LLC ("iCG"), an ACH and credit card payment processing company. The acquisition date fair value of the consideration transferred was \$17.6 million in cash paid upon close.

The iCG acquisition includes provisions for up to \$15.0 million of potential future earn-out payments. The earn-out payments are tied to performance-based goals and a defined service period and are accounted for as post-acquisition compensation, as applicable. The earn-out period is through June 3, 2027. During 2025, we made earn-out payments of \$5.0 million. As of December 31, 2025, we have accrued \$4.8 million related to potential future earn-out payments, included in other current liabilities on our Balance Sheet.

DGIT Systems Pty Ltd. On October 4, 2021, we acquired DGIT, a provider of configure, price and quote (CPQ), and order management solutions for the telecommunications industry. We acquired 100% of the equity of DGIT for a purchase price of approximately \$16 million, with approximately \$14 million paid upon close. We made the remaining \$2.0 million of deferred purchase price payments in 2025, 2024, and 2023 of \$0.3 million, \$0.5 million, and \$1.2 million, respectively.

The DGIT acquisition includes provisions for up to approximately \$12 million of potential future earn-out payments. The earn-out payments are tied to performance-based goals and a defined service period and are accounted for as post-acquisition compensation, as applicable. The earn-out period is through December 31, 2026. During 2022, \$0.3 million of the earn-out had been achieved and was paid in 2023. During 2024, \$0.4 million of the earn-out had been achieved and was paid in 2025. As of December 31, 2025, we have accrued \$10.9 million related to future earn-out payments, included in other current liabilities on our Balance Sheet.

9. Restructuring and Reorganization Charges

Restructuring and reorganization charges are expenses that generally result from cost reduction initiatives and/or significant changes to our business, to include such things as involuntary employee terminations, changes in management structure or skillset, divestitures of businesses, facility consolidations and abandonments, modifications of leases, impairment of acquired intangible assets, and fundamental reorganizations impacting operational focus and direction. The following are the key restructuring and reorganizational activities we incurred over the last three years that have impacted our results from operations.

During 2025 we implemented the following restructuring and reorganizational activities:

- We reduced our global workforce by approximately 280 employees, as part of reorganization activities focused on cost efficiency actions to optimize our capacity and better align our resources. As a result, we incurred restructuring and reorganization charges related to involuntary terminations of \$13.6 million.
- In August 2025, we closed our design and delivery center in Crawfordville, Florida. All processing volumes done at this location were transitioned to our two other design and delivery facilities. The closing of this facility resulted in the elimination of approximately 90 employees in Florida, but did result in new hires being made at the other locations to absorb the additional volumes. The total cost of this facility closure, to include involuntary termination benefits, relocation costs, accelerated depreciation, and decommissioning work was \$5.0 million.

During 2024 we implemented the following restructuring and reorganizational activities:

- We reduced our global workforce by approximately 300 employees, as part of initiatives to better align and allocate resources to areas of the business where we have identified growth opportunities. As a result, we incurred restructuring charges related to involuntary terminations of \$10.1 million.
- We modified a real estate lease in India, resulting in an earlier termination date and the recognition of a \$0.2 million gain. We also recorded \$0.7 million of leasehold improvements and computer equipment impairments.

During 2023 we implemented the following restructuring and reorganizational activities:

- We decided to dissolve the Keydok business which we had acquired in 2021. As a result, we recorded net impairment charges of \$1.2 million, to include the write-off of the acquired goodwill. We also subsequently terminated approximately 30 Mexico-based employees, which resulted in restructuring charges related to involuntary terminations of \$1.6 million.
- We reduced our workforce by approximately 110 employees, mainly in the U.S., as a result of organizational changes and efficiencies. As a result, we incurred restructuring charges related to involuntary terminations of \$3.5 million.
- We modified three of our real estate leases, at previously closed locations in India and the U.S., resulting in earlier termination dates and the recognition of a \$4.3 million gain. We also recorded \$0.5 million of operating lease right-of-use asset impairments.
- We exited two reseller agreements that were acquired with the acquisition of Forte Payment Systems, Inc. in 2018. As a result, we incurred expenses of \$9.9 million, of which \$1.8 million was paid in 2023, \$5.6 million was paid in 2024, and \$1.3 million was paid in 2025, leaving \$1.2 million accrued as of December 31, 2025.

The activities discussed above resulted in total restructuring and reorganizational charges for 2025, 2024, and 2023 of \$19.8 million, \$13.3 million, and \$16.3 million, respectively, which have been reflected as a separate line item in our Income Statements.

The activity in the business restructuring and reorganization reserves during 2025, 2024, and 2023 is as follows (in thousands):

	Termination Benefits	Other	Total
January 1, 2023, balance	\$ 2,491	\$ -	\$ 2,491
Charged to expense during period	5,128	11,208	16,336
Cash payments	(7,027)	(5,386)	(12,413)
Adjustment for accelerated depreciation	-	(396)	(396)
Adjustment for asset impairments	-	(1,675)	(1,675)
Adjustment for gain on lease modifications	-	4,349	4,349
Other	842	-	842
December 31, 2023, balance	1,434	8,100	9,534
Charged to expense during period	10,065	3,258	13,323
Cash payments	(11,265)	(7,855)	(19,120)
Adjustment for accelerated depreciation	-	(440)	(440)
Adjustment for asset impairments	-	(717)	(717)
Adjustment for gain on lease modification	-	174	174
Other	968	-	968
December 31, 2024, balance	1,202	2,520	3,722
Charged to expense during period	15,792	4,026	19,818
Cash payments	(14,256)	(4,163)	(18,419)
Adjustment for accelerated depreciation	-	(872)	(872)
Adjustment for asset impairments	-	(251)	(251)
Other	(826)	-	(826)
December 31, 2025, balance	\$ 1,912	\$ 1,260	\$ 3,172

As of December 31, 2025, all restructuring and reorganization reserves were included in current liabilities.

10. Income Taxes

Income Tax Provision. The components of net income (loss) before income taxes are as follows (in thousands):

	2025	2024	2023
Domestic	\$ 81,374	\$ 89,166	\$ 72,769
Australia	(13,560)	(5,722)	854
India	11,092	12,537	10,008
United Kingdom	4,093	7,105	2,029
Foreign other	7,698	9,186	6,691
Total income before income taxes	\$ 90,697	\$ 112,272	\$ 92,351

The income tax provision consists of the following (in thousands):

	2025	2024	2023
Current:			
Federal	\$ 27,929	\$ 28,602	\$ 34,438
State	5,571	6,483	8,230
Australia	(229)	(474)	(333)
India	3,220	2,977	3,601
United Kingdom	1,111	867	1,002
Foreign other	6,454	3,468	2,727
	<u>44,056</u>	<u>41,923</u>	<u>49,665</u>
Deferred:			
Federal	(9,004)	(2,596)	(19,687)
State	(112)	(10,741)	(1,982)
Australia	(823)	(1,629)	(896)
India	(328)	655	(1,231)
United Kingdom	426	(2,774)	(233)
Foreign other	601	582	469
	<u>(9,240)</u>	<u>(16,503)</u>	<u>(23,560)</u>
Total income tax provision	<u>\$ 34,816</u>	<u>\$ 25,420</u>	<u>\$ 26,105</u>

The effective tax rates in the various foreign jurisdictions differ from the statutory rates due primarily to changes in valuation allowances on deferred tax assets, withholding taxes incurred, foreign tax credit utilization, and the impact of foreign exchange recognition on certain intercompany loans.

The difference between our income tax provision computed at the statutory Federal income tax rate and our financial statement income tax provision is summarized as follows (in thousands):

	2025		2024		2023	
	Amount	%	Amount	%	Amount	%
U.S. Federal statutory tax rate of 21%	\$ 19,046	21.0%	\$ 23,577	21.0%	\$ 19,394	21.0%
State and local income taxes, net of federal impact (1)	4,289	4.7%	2,526	2.2%	4,485	4.9%
Foreign tax effects:						
Australia						
Statutory tax rate difference	(1,244)	-1.4%	(500)	-0.4%	87	0.1%
Valuation allowance	3,293	3.6%	10	-	(1,277)	-1.4%
Other	31	-	75	0.1%	212	0.2%
United Kingdom:						
Foreign tax credit	(1,058)	-1.2%	(1,651)	-1.5%	-	-
Valuation allowance	325	0.4%	(2,344)	-2.1%	(487)	-0.5%
Other	345	0.4%	(203)	-0.2%	(277)	-0.3%
Other foreign jurisdictions	6,776	7.5%	3,699	3.3%	4,284	4.6%
Tax credits:						
Research and development tax credit	(2,727)	-3.0%	(1,327)	-1.2%	(907)	-1.0%
Foreign tax credit	(2,446)	-2.7%	(1,060)	-0.9%	-	-
Other credits	(190)	-0.2%	(174)	-0.2%	(112)	-0.1%
Nontaxable or nondeductible items:						
Section 162(m) compensation limitation	9,548	10.5%	2,389	2.1%	2,955	3.2%
Stock award vesting	(3,624)	-4.0%	332	0.3%	(372)	-0.4%
Acquisition-related costs	2,491	2.7%	-	-	-	-
Loss on investment	-	-	-	-	(1,283)	-1.4%
Other	(233)	-0.3%	123	0.1%	(246)	-0.3%
Changes in unrecognized tax benefits	59	0.1%	(323)	-0.3%	(289)	-0.3%
Other adjustments	135	0.2%	271	0.2%	(62)	-0.1%
Total tax provision and effective tax rate	<u>\$ 34,816</u>	<u>38.3%</u>	<u>\$ 25,420</u>	<u>22.5%</u>	<u>\$ 26,105</u>	<u>28.2%</u>

- (1) State taxes in California, Pennsylvania, Illinois, New York, and Florida make up the majority (greater than 50%) of the tax effect in the State and local income taxes category.

The 2025 effective income tax rate increase was primarily driven by the following permanent and non-cash expense items: (i) the tax impact of the accelerated vesting of certain stock awards; (ii) the disallowance of transaction-related costs associated with the Merger; and (iii) the impact of the DGIT earn-out compensation recognized in 2025, for which a valuation allowance has been established for income tax purposes.

We have undistributed earnings of approximately \$88 million from certain foreign subsidiaries. We intend to indefinitely reinvest these foreign earnings; therefore, a provision has not been made for foreign withholding taxes that might be payable upon remittance of such earnings. Determination of the amount of unrecognized deferred tax liability on unremitted foreign earnings is not practicable because of the complexities of the hypothetical calculation.

Income Taxes Paid. Net cash paid for income taxes consisted of the following (in thousands):

	2025	2024	2023
Federal	\$ 34,001	\$ 24,003	\$ 36,736
State and local jurisdictions	7,999	6,568	7,016
Aggregated foreign jurisdictions	6,986	5,939	4,410
Disaggregated foreign jurisdictions:			
India	3,226	3,434	3,513
Net cash paid for income taxes	<u>\$ 52,212</u>	<u>\$ 39,944</u>	<u>\$ 51,675</u>

Deferred Income Taxes. Net deferred income tax assets as of December 31, 2025 and 2024 are as follows (in thousands):

	2025	2024
Deferred income tax assets	\$ 131,682	\$ 125,057
Deferred income tax liabilities	(19,076)	(28,889)
Valuation allowance	(28,976)	(22,967)
Net deferred income tax assets	<u>\$ 83,630</u>	<u>\$ 73,201</u>

The components of our net deferred income tax assets (liabilities) as of December 31, 2025 and 2024 are as follows (in thousands):

	2025	2024
Net deferred income tax assets (liabilities):		
Accrued expenses and reserves	\$ 12,597	\$ 9,472
Stock-based compensation	1,662	6,753
Software	(1,219)	(509)
Client contracts and related intangibles	(4,060)	(10,419)
Goodwill	(13,797)	(16,638)
Net operating loss carryforwards	23,665	23,668
Property and equipment	1,277	(1,323)
Deferred revenue	6,597	6,373
Debt financing	4,511	6,010
Foreign exchange gain/loss	1,547	1,512
Operating lease right-of-use assets and lease liabilities	2,104	2,763
Research and Development	75,719	66,178
Unrecognized tax benefit	55	413
Credits and incentives	1,763	1,672
Other	185	243
Total net deferred income tax assets	112,606	96,168
Less: valuation allowance	(28,976)	(22,967)
Net deferred income tax assets	<u>\$ 83,630</u>	<u>\$ 73,201</u>

Beginning January 1, 2022, certain R&D expenditures are required to be capitalized in accordance with Section 174 of the Internal Revenue Code, as amended by the Tax Cuts and Jobs Act of 2017, and amortized over a 5-year period if incurred domestically or a 15-year period if incurred outside the U.S. Of the total R&D related deferred income tax assets as of December 31, 2025, \$75.3 million is attributable to capitalized R&D (net of applicable amortization) with the remaining amount attributable to foreign and state R&D credits.

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was enacted. Among the provisions, OBBBA added Section 174A to the Internal Revenue Code, which allows taxpayers to immediately deduct domestic research or experimental expenditures paid or incurred during taxable years beginning after December 31, 2024, or to elect capitalization and amortization over a period of not less than 60 months, beginning with the month in which the taxpayer first realizes benefit from the expenditures. The election must be made no later than the due date of the taxpayer’s federal income tax return (including extensions) and would apply to the tax year for which the election is made and all subsequent tax years unless the taxpayer receives consent to change to a different method or period. We are currently evaluating the impact of Section 174A and the related transition elections, and we anticipate making the election to continue capitalizing and amortizing domestic R&D expenditures over a period of 60 months. Other provisions of this legislation that were effective and adopted in 2025 did not have a significant impact on our consolidated financial statements.

We regularly assess the likelihood of the future realization of our deferred income tax assets. To the extent we believe that it is more likely than not that a deferred income tax asset will not be realized, a valuation allowance is established. As of December 31, 2025, we have federal deferred tax assets of \$71.0 million and a federal valuation allowance of \$1.4 million against those assets. As of December 31, 2025, we also have net foreign deferred tax assets of \$41.6 million and a foreign valuation allowance of \$27.4 million against those assets.

As of December 31, 2025 and 2024, we have an acquired U.S. Federal net operating loss (“NOL”) carryforward of approximately \$0.1 million and \$2.0 million, respectively, which will begin to expire in 2029 and can be utilized through 2033. The acquired U.S. Federal NOL carryforward is attributable to the pre-acquisition periods of acquired businesses. The annual utilization of this U.S. Federal NOL carryforward is limited pursuant to Section 382 of the Internal Revenue Code of 1986, as amended. In addition, as of December 31, 2025 and 2024, we have: (i) state NOL carryforwards of approximately \$11 million and \$31 million, respectively, which will expire beginning in 2032 with a portion of the losses available over an indefinite period of time; and (ii) foreign subsidiary NOL carryforwards of approximately \$107 million and \$98 million, respectively, which will expire beginning in 2031, with a portion of the losses available over an indefinite period of time.

Pillar Two. Numerous foreign jurisdictions have enacted or are in the process of enacting legislation to adopt a minimum effective tax rate. Pillar Two, which was established by the Organization for Economic Co-operation and Development (OECD), generally provides for a 15 percent minimum effective tax rate for multinational enterprises in every jurisdiction in which they operate. The U.S. has not yet adopted Pillar Two, however, various governments around the world have adopted, some of which are effective for tax periods beginning on or after December 31, 2023. We considered the applicable tax law changes on Pillar Two implementation in the relevant countries, and there is no material impact to our tax provision for the year ended December 31, 2025. We will continue to evaluate the impact of these tax law changes on future reporting periods.

Accounting for Uncertainty in Income Taxes. We are required to estimate our income tax liability in each jurisdiction in which we operate, including U.S. Federal, state, and foreign income tax jurisdictions. Various judgments and estimates are required in evaluating our tax positions and determining our provisions for income taxes. There are certain transactions and calculations for which the ultimate income tax determination may be uncertain. In addition, we may be subject to examination of our income tax returns by various foreign, federal, state, or local tax authorities, which could result in adverse outcomes. For these reasons, we establish a liability associated with unrecognized tax benefits based on estimates of whether additional taxes and interest may be due. This liability is adjusted based upon changing facts and circumstances, such as the closing of a tax audit, the expiration of a statute of limitations or the refinement of an estimate.

A reconciliation of the beginning and ending balances of our liability for unrecognized tax benefits is as follows (in thousands):

	2025	2024	2023
Balance, beginning of year	\$ 1,112	\$ 1,858	\$ 2,562
Lapse of statute of limitations	-	(692)	(409)
Additions for tax positions of prior years	171	-	100
Reductions for tax positions of prior years	(600)	(54)	(395)
Balance, end of year	<u>\$ 683</u>	<u>\$ 1,112</u>	<u>\$ 1,858</u>

We recognize interest and penalty expense associated with our liability for unrecognized tax benefits as a component of income tax expense in our Income Statements. In addition to the \$0.7 million, \$1.1 million, and \$1.9 million of liability for unrecognized tax benefits as of December 31, 2025, 2024, and 2023, we had \$1.7 million, \$1.3 million, and \$0.9 million, respectively, of income tax-related accrued interest, net of any federal benefit of deduction. If recognized, the \$0.7 million of unrecognized tax benefits as of December 31, 2025, would favorably impact our effective tax rate in future periods.

We file income tax returns in the U.S. Federal jurisdiction, various U.S. state and local jurisdictions, and many foreign jurisdictions. The U.S., U.K., India, and Australia are the primary taxing jurisdictions in which we operate. The years open for audit vary depending on the taxing jurisdiction. During the fourth quarter of 2025, the Company was notified by the Internal Revenue Service that its 2023 federal income tax return had been selected for audit. The audit is in its initial stages, and no adjustments have been proposed.

11. Employee Retirement Benefit Plans

We sponsor a defined contribution plan covering substantially all of our U.S.-based employees. Eligible participants may defer up to 100% of their eligible pay, subject to certain limitations, as pre-tax, Roth, or traditional after-tax contributions. We make certain matching, and at our discretion, non-elective employer contributions to the plan. All contributions are subject to certain IRS limits. The expense related to these contributions for 2025, 2024, and 2023 was \$11.9 million, \$12.9 million, and \$12.8 million, respectively. We also have defined contribution-type plans for certain of our non-U.S.-based employees. The total contributions made to these plans in 2025, 2024, and 2023 were \$9.6 million, \$9.5 million, and \$7.7 million, respectively.

12. Commitments, Guarantees and Contingencies

Service Agreements. During 2025, we extended our agreement with Ensono, Inc. ("Ensono") to provide us with outsourced computing services through December 31, 2032. We outsource the computer processing and related services required for the operation of our SaaS platforms. Our proprietary software and other software applications are run in an outsourced data center environment in order to obtain the necessary computer processing capacity and other computer support services without us having to make the substantial capital and infrastructure investments that would be necessary for us to provide these services internally. Our customers are connected to the outsourced data center environment through a combination of private and commercially provided networks. Our SaaS platforms are generally considered to be mission critical customer management systems by our customers. As a result, we are highly dependent upon Ensono for system availability, security, and response time.

Guarantees. In the ordinary course of business, we may provide guarantees in the form of bid bonds or performance bonds. As of December 31, 2025, we had \$1.8 million of restricted assets used to collateralize these guarantees, which are included in other non-current assets in our Balance Sheet.

We have performance guarantees in the form of surety bonds and a standby letter of credit, along with money transmitter bonds, issued through third-parties that are not required to be in our Balance Sheets. As of December 31, 2025, we had performance guarantees of \$3.9 million, which includes \$0.2 million in a standby letter of credit. We are ultimately liable for claims that may occur against these guarantees. We have no history of material claims or are aware of circumstances that would require us to pay under any of these arrangements. We also believe that the resolution of any claim that may arise in the future, either individually or in the aggregate, would not be material to our Financial Statements. As of December 31, 2025, we had total aggregate money transmitter bonds of \$25.4 million outstanding. These money transmitter bonds are for the benefit of various states to comply with the states' financial requirements and industry regulations for money transmitter licenses.

Warranties. We generally warrant that our solutions and related offerings will conform to published specifications, or to specifications provided in an individual customer arrangement, as applicable. The typical warranty period is 90 days from the date of acceptance of the solution or offering. For certain service offerings we provide a warranty for the duration of the services provided. We generally warrant that those services will be performed in a professional and skillful manner. The typical remedy for breach of warranty is to correct or replace any defective deliverable, and if not possible or practical, we will accept the return of the defective deliverable and refund the amount paid under the customer arrangement that is allocable to the defective deliverable. Our contracts also generally contain limitation of damages provisions in an effort to reduce our exposure to monetary damages arising from breach of warranty claims. Historically, we have incurred minimal warranty costs, and as a result, do not maintain a warranty reserve.

Solution and Services Indemnifications. Arrangements with our customers generally include an indemnification provision that will indemnify and defend a customer in actions brought against the customer that claim our products and/or services infringe upon a copyright, trade secret, or valid patent. Historically, we have not incurred any significant costs related to such indemnification claims, and as a result, do not maintain a reserve for such exposure.

Claims for Company Non-performance. Our arrangements with our customers typically limit our liability for breach to a specified amount of the direct damages incurred by the customer resulting from the breach. From time-to-time, these arrangements may also include provisions for possible liquidated damages or other financial remedies for our non-performance, or in the case of certain of our solutions, provisions for damages related to service level performance requirements. The service level performance requirements typically relate to system availability and timeliness of service delivery. As of December 31, 2025, we believe we have adequate reserves, based on our historical experience, to cover any reasonably anticipated exposure as a result of our nonperformance for any past or current arrangements with our customers.

Sales and Use Tax. In the ordinary course of business, we are, from time to time, subject to audits performed by state taxing authorities. We continually assess our sales and use tax exposure and as of December 31, 2025, we believe that we have adequate reserves to cover any taxes owed and related penalties and interest. While we believe that the assumptions and estimates used to determine these liabilities are reasonable, the ultimate outcome of these matters cannot be certain, and we will adjust these estimated liabilities as new information becomes available.

Indemnifications Related to Officers and the Board of Directors. Other guarantees include promises to indemnify, defend, and hold harmless our directors, and certain officers. Such indemnification covers any expenses and liabilities reasonably incurred by a person, by reason of the fact that such person is, was, or has agreed to be a director or officer, in connection with the investigation, defense, and settlement of any threatened, pending, or contemplated action, suit, proceeding, or claim. We maintain directors' and officers' ("D&O") insurance coverage to protect against such losses. We have not historically incurred any losses related to these types of indemnifications and are not aware of any pending actions or claims against any officer or member of our Board. As a result, we have not recorded any liabilities related to such indemnifications as of December 31, 2025. In addition, as a result of the insurance policy coverage, we believe these indemnification agreements are not significant to our results of operations.

Legal Proceedings. From time-to-time, we are involved in litigation relating to claims arising out of our operations in the normal course of business.

13. Stockholders' Equity

Stock Repurchase Program. We currently have a stock repurchase program, approved by our Board, authorizing us to repurchase shares of our common stock from time-to-time as market and business conditions warrant (the "Stock Repurchase Program"). Upon the announcement of the Merger Agreement, we have ceased any further repurchases.

During 2025, we repurchased approximately 788,000 shares of our common stock for \$49.7 million (weighted-average price of \$63.17 per share) under a SEC Rule 10b5-1 Plan. During 2024, we repurchased approximately 1,185,000 shares of our common stock for \$57.8 million (weighted-average price of \$48.79 per share) under a SEC Rule 10b5-1 Plan. During 2023, we repurchased approximately 508,000 shares of our common stock for \$27.0 million (weighted-average price of \$53.15 per share) under a SEC Rule 10b5-1 Plan, and approximately 1,680,000 shares of our common stock for \$90.1 million (weighted-average price of \$53.62 per share) concurrent with the pricing of the offering of the 2023 Convertible Notes. The excise tax imposed on share repurchases, which is included as a cost of treasury stock, is not reflected in these amounts.

Stock Repurchases for Tax Withholdings. In addition to the above-mentioned stock repurchases, during 2025, 2024, and 2023, we repurchased and then cancelled approximately 470,000 shares, 177,000 shares, and 182,000 shares for \$33.1 million, \$9.4 million, and \$10.2 million, respectively, of common stock from our employees in connection with minimum tax withholding requirements resulting from the vesting of restricted stock under our stock incentive plans. The increase in 2025 is primarily due to the accelerated stock vesting per the terms of the Merger Agreement (see Notes 2 and 14).

Cash Dividends. During 2025, 2024, and 2023 our Board approved total cash dividends of \$1.28 per share, \$1.20 per share, and \$1.12 per share of common stock, totaling \$36.9 million, \$34.8 million, and \$34.3 million, respectively. As of December 31, 2025 and 2024, we had \$9.3 million and \$9.5 million, respectively, of dividends accrued, which are included in other current liabilities in our Balance Sheets, and we had \$0.5 million and \$0.8 million, respectively, of dividends accrued, which are included in other non-current liabilities in our Balance Sheets.

14. Equity Compensation Plans

Stock Incentive Plan. Our stockholders have approved the issuance of up to 27.9 million shares under the Amended and Restated 2005 Stock Incentive Plan (the "2005 Plan"). Shares reserved under the 2005 Plan can be granted to officers and other key employees of our Company and its subsidiaries and to non-employee directors of our Company in the form of stock options, stock appreciation rights, performance unit awards, restricted stock awards, or stock bonus awards. Shares granted in the form of a performance unit award, restricted stock award, or stock bonus award are counted toward the aggregate number of shares of common stock available for issuance under the 2005 Plan as two shares for every one share granted or issued in payment of such award. As of December 31, 2025, 3.0 million shares were available for issuance, with 2.6 million shares available for grant.

Restricted Stock. We generally issue new shares (versus treasury shares) to fulfill restricted stock award grants. Restricted stock awards are granted at no cost to the recipient.

Per the terms of the Merger Agreement (see Note 2), the vesting of certain restricted stock awards were accelerated and vested in December 2025. This resulted in approximately 582,000 shares vesting in December 2025 that were originally scheduled to vest at a later period.

Time-Based Awards

We issue restricted stock awards that vest annually over a period of time (generally over three years) with no restrictions other than the passage of time (i.e., the shares are released upon calendar vesting with no further restrictions) ("Time-Based Awards"). Unvested Time-Based Awards are typically forfeited and cancelled upon termination of employment with our Company. Certain Time-Based Awards may vest (i.e., vesting accelerates) upon the involuntary termination of employment, a change in control (as defined) and the subsequent involuntary termination of employment, or death. The fair value of the Time-Based Awards (determined by using the closing market price of our common stock on the grant date) is charged to expense on a straight-line basis over the requisite service period for the entire award.

A summary of our unvested Time-Based Awards activity during 2025 is as follows (shares in thousands):

	Shares	Weighted-Average Grant Date Fair Value
Unvested awards, beginning	886	\$ 51.44
Awards granted	445	62.03
Awards forfeited/cancelled	(68)	54.49
Awards vested	(684)	52.91
Unvested awards, ending	579	\$ 57.50

In January of 2026, we also granted restricted stock awards to members of management in the form of time-based awards of approximately 171,000 restricted common stock shares, which vest in the first quarter of 2027 with no restrictions other than the passage of time. Certain of these awards may vest (i.e., vesting accelerates) upon the involuntary termination of employment, a change in control (as defined) and the subsequent involuntary termination of employment, or death.

Performance-Based Awards

We also issue restricted stock awards to key members of management that vest upon meeting pre-established financial and operational performance objectives ("Performance-Based Awards") over a defined measurement period. The structure of the performance goals for the Performance-Based Awards has been approved by our stockholders. Certain Performance-Based Awards may vest (i.e., vesting accelerates) upon the involuntary termination of employment or a change in control (as defined) and the subsequent involuntary termination of employment. The fair value of the Performance-Based Awards (determined by using the closing market price of our common stock on the grant date) is charged to expense on a straight-line basis over the performance period (generally two years), based on the probability of achievement of the performance condition.

A summary of our unvested Performance-Based Awards activity during 2025 is as follows (shares in thousands):

	Shares	Weighted-Average Grant Date Fair Value
Unvested awards, beginning	280	\$ 52.81
Awards granted	203	62.13
Awards forfeited/cancelled	(8)	55.05
Awards vested	(378)	54.51
Unvested awards, ending	97	\$ 62.20

Market-Based Awards

We also issue restricted stock awards to key members of management which vest upon the achievement of specified Company market valuations and conditions ("Market-Based Awards"). The majority of our outstanding Market-Based Awards vest upon meeting a relative total shareholder return performance achievement tier over a three-year measurement period. Additionally, during 2024, we issued an award of approximately 74,000 shares to our President and CEO, which vests contingent upon the achievement of predetermined share price thresholds over a five-year period, subject to time-based service vesting conditions. Certain Market-Based Awards may vest (i.e., vesting accelerates) upon the involuntary termination of employment or a change in control (as defined) and the subsequent involuntary termination of employment. The fair value of the Market-Based Awards (determined using a Monte Carlo valuation method) is charged to expense on a straight-line basis over the performance period or the estimated service period, if applicable.

A summary of our unvested Market-Based Awards activity during 2025 is as follows (shares in thousands):

	Shares	Weighted-Average Grant Date Fair Value
Unvested awards, beginning	190	\$ 50.17
Awards granted	115	51.79
Awards forfeited/cancelled	(3)	56.13
Awards vested	(172)	57.31
Unvested awards, ending	130	\$ 44.49

The weighted-average grant date fair value per share of restricted stock shares granted during 2025, 2024, and 2023 was \$61.20, \$49.94, and \$52.09, respectively. The total market value of restricted stock shares vesting during 2025, 2024, and 2023 was \$86.1 million, \$26.6 million, and \$28.0 million, respectively, with the increase in 2025 related to the accelerated vestings discussed above.

1996 Employee Stock Purchase Plan. As of December 31, 2025, we have an employee stock purchase plan whereby 2.9 million shares of our common stock have been reserved for sale to our U.S. employees through payroll deductions. The price for shares purchased under the plan is 85% of the market value on the last day of the purchase period. Purchases are made at the end of each month. During 2025, 2024, and 2023, 45,543 shares, 74,615 shares, and 73,982 shares, respectively, were purchased under the plan for \$2.5 million (\$49.97 to \$66.53 per share), \$3.1 million (\$34.99 to \$46.59 per share), and \$3.3 million (\$39.83 to \$50.72 per share), respectively. As of December 31, 2025, 1.0 million shares remain eligible for purchase under the plan. Effective November 1, 2025 and as a result of the Merger announcement, we ceased stock purchases through the employee stock purchase plan.

Stock-Based Compensation. We recorded stock-based compensation of \$45.3 million, \$33.6 million, and \$29.0 million, respectively, for 2025, 2024, and 2023, with the increase in 2025 due to approximately \$11 million of expense related to the accelerated vestings discussed above. As of December 31, 2025, there was \$33.8 million of total compensation cost related to unvested awards not yet recognized. This amount, excluding the impact of forfeitures, is expected to be recognized over a weighted-average period of 2.1 years.

We recorded a deferred income tax benefit related to stock-based compensation during 2025, 2024, and 2023, of \$10.1 million, \$6.9 million, and \$6.0 million, respectively. The actual income tax benefit realized for the tax deductions from the vesting of restricted stock for 2025, 2024, and 2023, totaled \$9.9 million, \$5.3 million, and \$4.8 million, respectively.

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

None.

Item 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b), our management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), conducted an evaluation as of the end of the period covered by this report of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e). Based on that evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

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

As required by Rule 13a-15(d), our management, including the CEO and CFO, also conducted an evaluation of our internal control over financial reporting, as defined by Rule 13a-15(f). Management's Report on Internal Control over Financial Reporting is located at the front of Part II, Item 8 of this report.

(c) Attestation Report of the Independent Registered Public Accounting Firm

Our independent registered public accounting firm issued an attestation report on the effectiveness of our internal control over financial reporting as of December 31, 2025. KPMG LLP's report is located immediately following Management's Report on Internal Control over Financial Reporting at the front of Part II, Item 8 of this report.

(d) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during the fourth quarter of 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

(b) Rule 10b5-1 Trading Plans

During the fourth quarter of 2025, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted, modified, or terminated any contract, instruction, or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act or any "non-Rule 10b5-1 trading arrangement" as defined in Item 408(c) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspection

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be included in our definitive Proxy Statement for our 2026 Annual Meeting of Stockholders, if filed with the SEC within 120 days after December 31, 2025, and incorporated herein by reference, or will be provided in an amendment filed on Form 10-K/A with the SEC no later than 120 days after December 31, 2025. Information regarding our executive officers will be omitted from such proxy statement and is furnished in a separate item captioned “Information about our Executive Officers” included at the end of Part I of this Form 10-K.

Item 11. Executive Compensation

The information required by this item will be included in our definitive Proxy Statement for our 2026 Annual Meeting of Stockholders, if filed with the SEC within 120 days after December 31, 2025, and incorporated herein by reference, or will be provided in an amendment filed on Form 10-K/A with the SEC no later than 120 days after December 31, 2025.

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

The information required by this item will be included in our definitive Proxy Statement for our 2026 Annual Meeting of Stockholders, if filed with the SEC within 120 days after December 31, 2025, and incorporated herein by reference, or will be provided in an amendment filed on Form 10-K/A with the SEC no later than 120 days after December 31, 2025..

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

The information required by this item will be included in our definitive Proxy Statement for our 2026 Annual Meeting of Stockholders, if filed with the SEC within 120 days after December 31, 2025, and incorporated herein by reference, or will be provided in an amendment filed on Form 10-K/A with the SEC no later than 120 days after December 31, 2025.

Item 14. Principal Accounting Fees and Services

The information required by this item will be included in our definitive Proxy Statement for our 2026 Annual Meeting of Stockholders, if filed with the SEC within 120 days after December 31, 2025, and incorporated herein by reference, or will be provided in an amendment filed on Form 10-K/A with the SEC no later than 120 days after December 31, 2025.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Financial Statements, Financial Statement Schedules, and Exhibits

(1) Financial Statements

The financial statements filed as part of this report are listed on the Index to Consolidated Financial Statements on page 40.

(2) Financial Statement Schedules

None. Any information required in the Financial Statement Schedules is provided in sufficient detail in our Financial Statements and notes thereto.

(3) Exhibits

Exhibits are listed in the Exhibit Index on page 76.

The Exhibits include management contracts, compensatory plans and arrangements required to be filed as exhibits to the Form 10-K by Item 601 of Regulation S-K.

(b) Exhibits

The Exhibits filed or incorporated by reference herewith are as specified in the Exhibit Index.

Item 16. Form 10-K Summary

None.

EXHIBIT INDEX

Exhibit Number	Description
2.01** (49)	<u>Agreement and Plan of Merger, dated as of October 29, 2025, by and among CSG Systems International, Inc., NEC Corporation and Canvas Transaction Company, Inc., filed as Exhibit 2.1 to the 8-K dated October 29, 2025</u>
2.10 (7)	<u>Implementation Agreement between CSG Systems International, Inc. and Intec</u>
3.01 (1)	Restated Certificate of Incorporation of the Company (P)
3.02 (31)	<u>Amended and Restated Bylaws of CSG Systems International, Inc.</u>
3.03 (2)	<u>Certificate of Amendment of Restated Certificate of Incorporation of CSG Systems International, Inc.</u>
3.04 (37)	<u>Certificate of Amendment of Restated Certificate of Incorporation of CSG Systems International, Inc.</u>
4.01 (1)	Form of Common Stock Certificate (P)
4.10 (47)	<u>\$600 Million Credit Agreement Dated As Of March 14, 2025, Among CSG Systems International, Inc., As Borrower, The Subsidiary Guarantors Party Hereto, Royal Bank Of Canada, As Administrative Agent, Collateral Agent, Swingline Lender And An Issuing Bank, Citizens Bank, N.A. And PNC Bank, National Association, As Co-Documentation Agents, The Lenders Party Hereto, And The Other Issuing Banks Party Hereto Royal Bank Of Canada, Wells Fargo Securities, LLC, HSBC Bank USA, N.A. And U.S. Bank National Association As Joint Lead Arrangers And Joint Bookrunner</u>
4.20 (38)	<u>Indenture, dated as of September 11, 2023, between CSG Systems International, Inc. and U.S. Bank Trust Company, National Association, as trustee</u>
4.25 (38)	<u>Form of 3.875% Convertible Senior Note due 2028 (included as Exhibit A in Exhibit 4.20)</u>
4.60 (25)	<u>\$600.0 million Amended and Restated Credit Agreement dated September 13, 2021, among CSG Systems International, Inc., as Borrower, the Subsidiary Guarantors Party Hereto, Bank of America, N.A., as Administrative Agent, Collateral Agent, Swingline Lender and an Issuing Bank, Wells Fargo Bank, National Association, as Syndication Agent, BBVA, USA and U.S. Bank National Association, as Co-Documentation Agents, the Lenders Party Hereto, and the Other Issuing Banks Party Hereto BofA Securities, Inc. and Wells Fargo Securities, LLC, as Joint Lead Arrangers and Joint Bookrunners</u>
4.60A (34)	<u>First Amendment to Amended and Restated Credit Agreement</u>
4.60B (39)	<u>Second Amendment to Amended and Restated Credit Agreement, dated September 5, 2023</u>
4.90 (17)	<u>Description of Capital Stock</u>
10.02 (29)+	<u>Third Amended and Restated 1996 Employee Stock Purchase Plan, as adopted on May 18, 2022</u>
10.04 (36)+	<u>CSG Systems International, Inc. Amended and Restated 2005 Stock Incentive Plan, as amended on May 17, 2023</u>
10.05 (8)+	<u>CSG Systems International, Inc. Performance Bonus Program, as amended on August 14, 2007</u>
10.06 (5)+	<u>CSG Systems International, Inc. 2001 Stock Incentive Plan, as amended August 14, 2007</u>
10.15 (6)+	<u>Form of Indemnification Agreement between CSG Systems International, Inc. and Directors and Executive Officers</u>
10.16 (4)+	<u>Indemnification Agreement between CSG Systems International, Inc. and Mr. Ronald Cooper, dated November 16, 2006</u>
10.25** (37)	<u>Amended and Restated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.26* (9)	<u>Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>

- [illegible]

- [illegible]

10.26AV* (25)	<u>Fifty-Fifth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.26AW* (27)	<u>Fifty-Seventh Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.26AX* (27)	<u>Fifty-Eighth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.26AY* (27)	<u>Fifty-Ninth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.26AZ* (28)	<u>Sixty-First Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.26BA* (28)	<u>Sixty-Third Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.26BB* (30)	<u>Sixty-Fifth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.26BC* (32)	<u>Sixty-Fourth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.26BD* (32)	<u>Sixty-Seventh Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.26BE* (33)	<u>Sixty-Eighth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.26BF* (33)	<u>Seventieth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.26BG* (33)	<u>Seventy-First Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.26BH* (33)	<u>Seventy-Second Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.26BI* (33)	<u>Seventy-Third Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.26BJ* (35)	<u>Sixtieth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.27* (17)	<u>CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27A* (17)	<u>CD Addendum to CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27B* (18)	<u>First Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27C* (22)	<u>Second Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27D* (23)	<u>Third Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27E* (24)	<u>Fourth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27F* (24)	<u>Fifth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27G* (24)	<u>Fifth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27H* (24)	<u>Eighth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>



10.27I* (25)	<u>Seventh Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27J* (25)	<u>Ninth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27K* (27)	<u>Tenth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27L* (27)	<u>Eleventh Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27M* (27)	<u>Twelfth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27N* (27)	<u>Thirteenth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27O* (28)	<u>Fourteenth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27P* (28)	<u>Fifteenth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27Q* (28)	<u>Sixteenth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27R* (28)	<u>Seventeenth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27S* (28)	<u>Eighteenth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27T* (28)	<u>Nineteenth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27U* (37)	<u>Twentieth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27V* (37)	<u>Twenty-First Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27W* (37)	<u>Twenty-Second Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27X* (41)	<u>Twenty-Third Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27Y* (43)	<u>Encompass Addendum to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27Z* (44)	<u>First Amendment to Encompass Addendum to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27AA* (46)	<u>Twenty-Fourth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27AB* (48)	<u>Twenty-Fifth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.27AC* (50)	<u>Twenty-Sixth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC</u>
10.28A* (40)	<u>Second Amendment to the Amended and Restated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.28B* (40)	<u>Third Amendment to the Amended and Restated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>

10.28C* (41)	<u>Fourth Amendment to the Amended and Restated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.28D* (42)	<u>Fifth Amendment to the Amended and Restated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.28E* (42)	<u>Sixth Amendment to the Amended and Restated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.28F* (43)	<u>Seventh Amendment to the Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.28G* (46)	<u>Ninth Amendment to the Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.28H* (47)	<u>Eighth Amendment to the Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.28I* (47)	<u>Tenth Amendment to the Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.28J* (50)	<u>Eleventh Amendment to the Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.28K* (50)	<u>Twelfth Amendment to the Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.28L*	<u>Fourteenth Amendment to the Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.28M*	<u>Fifteenth Amendment to the Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC</u>
10.39 (13)+	<u>CSG Systems, Inc. Wealth Accumulation Plan, as restated and amended effective December 6, 2017</u>
10.39A (13)+	<u>Adoption Agreement to CSG Systems, Inc. Wealth Accumulation Plan, executed September 13, 2018</u>
10.40 (38)	<u>Form of Capped Call Confirmations</u>
10.50 (3)+	<u>CSG Systems International, Inc. 2001 Stock Incentive Plan</u>
10.55 (20)+	<u>Employment Agreement with Brian A. Shepherd, dated August 26, 2020</u>
10.56 (24)+	<u>Employment Agreement with Elizabeth A. Bauer, dated May 20, 2021</u>
10.57 (26)+	<u>Employment Offer Letter with Hai Tran, dated November 16, 2021</u>
10.60 (35)+	<u>CSG Systems International, Inc. Executive Severance Plan</u>
10.61 (35)+	<u>CSG Systems International, Inc. Executive Severance Plan Participation Agreement with Brian A. Shepherd, dated March 28, 2023</u>
10.63 (35)+	<u>CSG Systems International, Inc. Executive Severance Plan Participation Agreement with Elizabeth A. Bauer, dated March 28, 2023</u>
10.80 (45)+	<u>Performance-Based Restricted Stock Award Agreement with Brian A. Shepherd, dated December 10, 2024</u>
10.81 (28)+	<u>Forms of Agreement for Equity Compensation</u>
10.84 (28)+	<u>Forms of Agreement for Equity Compensation</u>
10.85 (42)+	<u>Forms of Agreement for Equity Compensation</u>
19.01 (46)	<u>CSG Systems International, Inc. Insider Trading Policy</u>
21.01	<u>Subsidiaries of the Registrant</u>
23.01	<u>Consent of KPMG LLP</u>

31.01	Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.02	Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.01	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.00 (41)	Clawback Policy of CSG Systems International, Inc., as adopted on November 14, 2023
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)
(1)	Incorporated by reference to the exhibit of the same number to the Registration Statement No. 333-244 on Form S-1.
(2)	Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1997.
(3)	Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2002.
(4)	Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated November 16, 2006.
(5)	Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2007.
(6)	Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2010.
(7)	Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2010.
(8)	Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated May 17, 2011.
(9)	Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2017.
(10)	Incorporated by reference to the exhibit of the same number to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2017.
(11)	Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2018.
(12)	Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2018.
(13)	Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2018.
(14)	Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2019.
(15)	Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2019.
(16)	Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2019.
(17)	Incorporated by reference to the exhibit of the same number to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2019.
(18)	Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2020.
(19)	Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2020.
(20)	Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated August 26, 2020.
(21)	Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2020.
(22)	Incorporated by reference to the exhibit of the same number to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2020.
(23)	Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2021.
(24)	Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2021.
(25)	Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2021.
(26)	Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated November 22, 2021.
(27)	Incorporated by reference to the exhibit of the same number to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2021.

- (28) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2022.
- (29) Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated May 18, 2022.
- (30) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2022.
- (31) Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated August 17, 2022.
- (32) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2022.
- (33) Incorporated by reference to the exhibit of the same number to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2022.
- (34) Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated April 12, 2023.
- (35) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2023.
- (36) Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated May 17, 2023.
- (37) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2023.
- (38) Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated September 6, 2023.
- (39) Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated September 5, 2023.
- (40) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2023.
- (41) Incorporated by reference to the exhibit of the same number to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2023.
- (42) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2024.
- (43) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2024.
- (44) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2024.
- (45) Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated December 6, 2024.
- (46) Incorporated by reference to the exhibit of the same number to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2024.
- (47) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2025.
- (48) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2025.
- (49) Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated October 29, 2025.
- (50) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2025.

* Portions of the exhibit have been omitted pursuant to an application for confidential treatment, and the omitted portions have been filed separately with the Commission.

** Certain of the schedules (or similar attachments) to this Exhibit have been omitted in accordance with Item 601(a)(5) of Regulation S-K under the Securities Act because they do not contain information material to an investment or voting decision and that information is not otherwise disclosed in the Exhibit or the disclosure document. The registrant hereby agrees to furnish a copy of all omitted schedules (or similar attachments) to the SEC upon its request.

+ Management contract or compensatory plan or arrangement.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CSG SYSTEMS INTERNATIONAL, INC.
By: /s/ BRIAN A. SHEPHERD

Brian A. Shepherd
President and Chief Executive Officer
(Principal Executive Officer)

Date: February 19, 2026

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ MARWAN H. FAWAZ</u> Marwan H. Fawaz	Chair of the Board of Directors	February 19, 2026
<u>/s/ BRIAN A. SHEPHERD</u> Brian A. Shepherd	Director, President and Chief Executive Officer (Principal Executive Officer)	February 19, 2026
<u>/s/ HAI TRAN</u> Hai Tran	Chief Financial Officer (Principal Financial Officer)	February 19, 2026
<u>/s/ LORI J. SZWANЕК</u> Lori J. Szwaneek	Chief Accounting Officer (Principal Accounting Officer)	February 19, 2026
<u>/s/ RACHEL A. BARGER</u> Rachel A. Barger	Director	February 19, 2026
<u>/s/ DAVID G. BARNES</u> David G. Barnes	Director	February 19, 2026
<u>/s/ GREGORY A. CONLEY</u> Gregory A. Conley	Director	February 19, 2026
<u>/s/ SAMANTHA GREENBERG</u> Samantha Greenberg	Director	February 19, 2026
<u>/s/ RAJAN NAIK</u> Rajan Naik	Director	February 19, 2026
<u>/s/ HAIYAN SONG</u> Haiyan Song	Director	February 19, 2026
<u>/s/ SILVIO TAVARES</u> Silvio Tavares	Director	February 19, 2026
<u>/s/ TSE LI YANG</u> Tse Li Yang	Director	February 19, 2026

THIS DOCUMENT CONTAINS INFORMATION WHICH HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. SUCH EXCLUDED INFORMATION IS IDENTIFIED BY BRACKETS AND MARKED WITH (*)**.

FOURTEENTH AMENDMENT
TO
AMENDED AND RESTATED
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
CHARTER COMMUNICATIONS OPERATING, LLC
[CSG document no. 59152]

SCHEDULE AMENDMENT

This **Fourteenth Amendment** (the “Amendment”) is made by and between **CSG Systems, Inc.**, a Delaware corporation (“CSG”), and **Charter Communications Operating, LLC**, a Delaware limited liability company (“Customer”). CSG and Customer entered into that certain Amended and Restated CSG Master Subscriber Management System Agreement effective as of January 1, 2022 (CSG document no. 44754), as amended (the “Agreement”), and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Amendment. If the terms and conditions set forth in this Amendment shall be in conflict with the Agreement, the terms and conditions of this Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Amendment shall have the meaning set forth in the Agreement. Upon execution of this Amendment by the parties, any subsequent reference to the Agreement between the parties shall mean the Agreement as amended by this Amendment. Except as amended by this Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect according to their terms.

WHEREAS, pursuant to the Agreement CSG provides and Customer consumes Custom Rules Engine (“CRE”) Services; and

WHEREAS, pursuant to the Agreement, CSG provides Customer with Production Environment support for the CRE Services for a mutually agreed upon fee; and

WHEREAS, pursuant to Schedule F, “Fees,” Section 1, “CSG Services,” Section I, “Processing,” subsection X, “Custom Implementation Services,” subsection C, “Custom Rules Engine (“CRE”)” of the Agreement, CSG provides up to [**** ***** (***) *****] Production Environment Support [****] to Customer in support of CRE; and

WHEREAS, CSG and Customer acknowledge and agree that pursuant to further additional and updated "rules" of CRE Services set forth in those certain various Statements of Work executed by the parties, CSG provides and Customer consumes [*****] Production Environment Support [*****] per [*****] in excess of the current [**** ***** (***)] CRE [*****] Production Environment Support [*****] referenced above; and

WHEREAS, Customer and CSG agree to increase the number of [*****] Production Environment Support [*****] for CRE Services.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, CSG and Customer agree to the following as of the Amendment Effective Date (defined below).

1. **Customer has requested and CSG has agreed to provide implementation and deployment of additional, and updates to current, “rules” to Custom Rules Engine (“CRE”) Services provided by CSG and consumed by Customer.**

2. Customer and CSG agree to increase the number of [*****] Production Environment Support [*****] to add an additional [*****] (**) Production Environment Support [*****] for CRE Services; i.e., an increase from [**** *****] (**) to [**** *****]_***** (**) CRE [*****] Production Support [*****] commencing [***** *, *****].

3. As a result, CSG and Customer further agree Schedule F, “Fees,” Section 1, “CSG Services,” Section I, “Processing,” subsection X, “Custom Implementation Services,” subsection C, “Custom Rules Engine (“CRE”),” shall be deleted in its entirety and replaced as follows:

C. Custom Rules Engine (“CRE”)

Description of Item/Unit of Measure	Frequency	Fee
1. CRE Production Implementation Fees	[**_****]	[*****]
2. Recurring [*****] Fees (Note 3)		
a. Production Environment Support Fees (Note 1)	[*****]	[\$****.***]
b. Hosting Server Fees (Note 2)	[*****]	[\$****.***]

Note 1: Commencing as of [***** *, *****], Production Environment Support will be [**** *****] (**) per [*****] (the “[*****] Production Environment Support [*****]”). The [*****] Production Environment Support Fees cover post-deployment support, including answering functional questions, resolving Customer reported concerns, CRE operating system support, and CRE solution defects. Production Environment Support also includes, but is not limited to, modifying CRE to operate with systems other than ACSR®, including changes to CRE required by the use of new features, functions, products, or substantive configuration changes. Additional [*****] Production Environment Support [*****] shall be available from CSG to Customer at the then-current Technical Services [*****] rate subject to execution by the parties of a mutually agreed-upon Amendment to the Agreement.

Note 2: Includes [***** (*)] virtual servers and [*** (*)] redundant database servers.

Note 3: Customer may discontinue the CRE Recurring [*****] Fees at any time; provided, however, Customer shall provide no less than [***** (**) *****] written notice (email is sufficient) prior to discontinuing the CRE Recurring [*****] Fees and upon such termination, Customer shall discontinue use of CRE and any Custom Implementation Services hosted on CRE hardware and CSG’s support of (i) the Production Environment and (ii) the Hosting Server will terminate. The Recurring [*****] Fees for the final [*****] of CSG’s support of the CRE Production Environment and the Hosting Server will be due in full regardless of the date the notice of termination is provided.

THIS AMENDMENT is executed on the days and year last signed below (the "Amendment Effective Date").

CHARTER COMMUNICATIONS OPERATING, LLC
("CUSTOMER")

CSG SYSTEMS, INC. ("CSG")

By: Charter Communications, Inc., its Manager

By: /s/ Philip Montsinget
Name: Philip Montsinget
Title: Group Vice President
Date: 12/24/2025

By: /s/ Michael J Woods
Name: Michael Woods
Title: EVP
Date: 12/24/2025

THIS DOCUMENT CONTAINS INFORMATION WHICH HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. SUCH EXCLUDED INFORMATION IS IDENTIFIED BY BRACKETS AND MARKED WITH (*)**.

FIFTEENTH AMENDMENT
TO
AMENDED AND RESTATED
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
CHARTER COMMUNICATIONS OPERATING, LLC
[CSG document no. 58979]

SCHEDULE AMENDMENT

This **Fifteenth Amendment** (the “Amendment”) is made by and between **CSG Systems, Inc.**, a Delaware corporation (“CSG”), and **Charter Communications Operating, LLC**, a Delaware limited liability company (“Customer”). CSG and Customer entered into that certain Amended and Restated CSG Master Subscriber Management System Agreement effective as of January 1, 2022 (CSG document no. 44754), as amended (the “Agreement”), and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Amendment. If the terms and conditions set forth in this Amendment shall be in conflict with the Agreement, the terms and conditions of this Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Amendment shall have the meaning set forth in the Agreement. Upon execution of this Amendment by the parties, any subsequent reference to the Agreement between the parties shall mean the Agreement as amended by this Amendment. Except as amended by this Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect according to their terms.

WHEREAS, CSG has agreed to provide, and Customer has agreed to utilize Next Best Offer Integration Service; and

WHEREAS, CSG and Customer agree, accordingly, to amend Schedule C, “Recurring Services,” and Schedule F, “Fees”.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, CSG and Customer agree to the following as of the Amendment Effective Date (as defined below).

1. CSG agrees to provide, and Customer agrees to utilize Next Best Offer Integration Service. As a result, the following changes are hereby made to the Agreement:

a) Schedule C, “Recurring Services,” shall be amended to add the following:

“**Next Best Offer Integration Service.** Next Best Offer Integration Service is an interface that will integrate with Customer’s third party provider (as designated by Customer from time to time) to provide necessary Connected Subscriber information to Customer’s third party provider in order to request and receive specific retention offers to be made available to Customer’s Customer Service Representatives (“CSRs”), presented through ACSR, to offer to Customer’s Connected Subscribers.”

b) As a result, Schedule F, “Fees,” Section 1, “CSG Services,” Subsection II, “Interfaces,” of the Agreement, shall be amended to add the new subsection “G” “Next Best Offer Integration Service,” as follows:

G. Next Best Offer Integration Service

Description of Item/Unit of Measure	Frequency	Fee
1. Implementation Fees (Note 1)	[*** ***)]	[****]
2. Maintenance and Support Fees (Note 2) (Note 3)	[*****]	[\$, ***)]

Note 1: Implementation, Set-up, Configuration and Testing services, and the associated fees shall be mutually agreed upon in a Statement of Work unless such services qualify for and are treated as STEM Services pursuant Schedule E, “Fees,” Section 1, “Processing,” subsection X, “Custom Implementation Services,” subsection “R,” Solutions Team Engagement Model (“STEM”) Services,” of the Agreement. If applicable, Reimbursable Expenses are additional.

Note 2: [*****] Maintenance and Support Fees will be limited to a total of [***** (***) *****] per [*****] (the “Support [*****]”). For avoidance of doubt, the Support [*****] are not cumulative on a [***** ** *****] basis, and any unused Support [*****] shall be forfeited. Any support in excess of [***** (***) *****] per [*****] shall be set forth in a separate Statement of Work.

Note 3: Customer may discontinue Maintenance and Support services at any time; provided, however, Customer shall provide no less than [***** (***) *****] written notice (email is sufficient) prior to discontinuing the Maintenance and Support services and shall be responsible for such fees through the effective date of termination.

THIS AMENDMENT is executed on the days and year last signed below (the "Amendment Effective Date").

CHARTER COMMUNICATIONS OPERATING, LLC (“CUSTOMER”)	CSG SYSTEMS, INC. (“CSG”)
By: Charter Communications, Inc., its Manager	
By: <u>/s/ Philip Montsinger</u>	By: <u>/s/ Michael J Woods</u>
Name: <u>Philip Montsinger</u>	Name: <u>Michael Woods</u>
Title: <u>Group Vice President</u>	Title: <u>EVP</u>
Date: <u>12/11/2025</u>	Date: <u>12/11/2025</u>

**CSG Systems International, Inc.
Subsidiaries of the Registrant
As of December 31, 2025**

<u>Subsidiary</u>	<u>State or Country of Organization</u>
Ascade AB	Sweden
Ascade Middle East FZ-LLC	United Arab Emirates
Billing Intec Uruguay S.A.	Uruguay
CSG Forte Payments Holdings, Inc.	Delaware
CSG Forte Payments, Inc.	Delaware
CSG Forte Payments Canada, Inc.	Canada
CSG International Australia Pty Limited	Australia
CSG International Colombia SAS	Colombia
CSG International Pty Limited	Australia
CSG International PTE Ltd	Singapore
CSG International Sdn Bhd	Malaysia
CSG SA Holdings (Pty) Limited	South Africa
CSG SA Services (Pty) Limited	South Africa
CSG Systems International, Inc.	Delaware
CSG Systems International (India) Pvt. Ltd.	India
CSG Systems U.K. Limited	United Kingdom
CSG Systems, Inc.	Delaware
CSGI Maroc Sarl	Morocco
Designgen, Comunicação Visual, Unipessoal Lda.	Portugal
DGIT Systems Pty, Ltd.	Australia
DGIT Holdings Pty, Ltd.	Australia
DGIT NZ Limited	New Zealand
Digiquant, Inc.	Delaware
Independent Technology Billing Solutions S de RL de CV	Mexico
Independent Technology Systems Limited	United Kingdom
Independent Technology Systems for Information Technology LLC	Saudi Arabia
Independent Technology Systems SL Unipersonal	Spain
Inomial Pty, Ltd.	Australia
Intec Billing Canada Ltd.	Canada
Intec Billing Ireland Ltd.	Ireland
Intec Billing, LLC	Delaware
Intec Billing Nigeria Limited	Nigeria
Intec Telecom Systems (France) SARL	France
Intec Telecom Systems Denmark A/S	Denmark
Intec Telecom Systems Deutschland GmbH	Germany
Intec Telecom Systems do Brasil Limitada	Brazil
Intec Telecom Systems Italia S.P.A.	Italy
Intec Telecom Systems Limited	United Kingdom
Intec Telecom Systems South Africa (Pty) Limited	South Africa
MobileCard Holdings, LLC	Delaware
PT CSG Systems Indonesia	Indonesia
Tango Telecom Ltd.	Ireland
Tango Telecom (APAC) Sdn. Bhd.	Malaysia
Volubill Danmark ApS	Denmark
Volubill, Inc.	Delaware

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (Nos. 333-248228, 333-266669, 333-274126) on Form S-8 of our reports dated February 19, 2026, with respect to the consolidated financial statements of CSG Systems International, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Omaha, Nebraska
February 19, 2026

**CERTIFICATIONS PURSUANT TO
SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Brian A. Shepherd, certify that:

1. I have reviewed this annual report on Form 10-K of CSG Systems International, 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: February 19, 2026

/s/ Brian A. Shepherd
Brian A. Shepherd
President and Chief Executive Officer

**CERTIFICATIONS PURSUANT TO
SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Hai Tran, certify that:

1. I have reviewed this annual report on Form 10-K of CSG Systems International, 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: February 19, 2026

/s/ Hai Tran

Hai Tran

Executive Vice President and Chief Financial Officer

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

The certification set forth below is being submitted in connection with the Annual Report on Form 10-K (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Brian A. Shepherd, the Chief Executive Officer and Hai Tran, the Chief Financial Officer of CSG Systems International, Inc., each certifies that, to the best of his knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of CSG Systems International, Inc.

February 19, 2026

/s/ Brian A. Shepherd
Brian A. Shepherd
President and Chief Executive Officer

February 19, 2026

/s/ Hai Tran
Hai Tran
Executive Vice President and Chief Financial Officer
