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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2026

or

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

For the transition period from _____ to _____

Commission File Number **001-36350**

Q2 Holdings, Inc.

Exact Name of Registrant as Specified in its Charter

Delaware	**20-2706637**
State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification No.
10355 Pecan Park Boulevard Austin, Texas	**78729**
Address of Principal Executive Offices	Zip Code

(833) 444-3469

Registrant's Telephone Number, Including Area Code

Not Applicable

Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.0001 par value	QTWO	New York Stock Exchange
Common Stock, $0.0001 par value	QTWO	NYSE Texas

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 61,781,542 shares of Common Stock, $0.0001 par value per share as of October 28, 2026.

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Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to our management. The statements and information contained in this Quarterly Report on Form 10-Q that are not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. You can identify these statements by words such as "anticipates," "believes," "can," "continue," "could," "estimates," "expects," "intends," "may," "plans," "seeks," "potential," "predicts," "projects," "should," "will," "strategy," "future," "likely," or "would" or the negative of these terms or similar expressions. These statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. All of our forward-looking statements are subject to risks and uncertainties that may cause our actual results to differ materially from our expectations. Factors that could cause or contribute to such differences include, but are not limited to, the following:

- *the risks associated with cyberattacks, financial transaction fraud, data and privacy breaches and breaches of security measures within our products, systems and infrastructure or the products, systems and infrastructure of third parties upon which we rely and the resultant disruption, costs and liabilities and harm to our business and reputation and our ability to sell our solutions;*
- *the risks associated with rapidly evolving technologies, such as quantum computing, and advances in artificial intelligence, or AI, including the increasing availability of more capable AI models to the public that may further enhance the ability of threat actors or autonomous AI agent systems to identify, develop and exploit vulnerabilities, automate certain aspects of cyberattacks and conduct more targeted or scalable social engineering, fraud schemes or end-to-end intrusions;*
- *the risks associated with the pace of AI development and resulting cybersecurity threats, including as presented by autonomous AI agent systems, and the limitations of traditional cybersecurity defenses, which may not be fully effective against these novel threat vectors now or as they quickly evolve, the security community's rapidly evolving understanding of agentic-specific attack services, and the resource commitments and investments required to stay informed and evolve our cybersecurity defenses, vulnerability management and solutions to secure them;*
- *the impact of and our ability to respond to global economic uncertainties and challenges or changes in the financial services industry and credit markets, including as a result of mergers and acquisitions within the banking sector, inflationary pressures, fluctuating interest rates, instability in the financial services industry, any changes to, or new, financial regulations and their potential impacts on our prospects' and customers' operations, increased acceptance and use of emerging financial products, such as cryptocurrencies or stablecoins, including any impact on the timing of prospect and customer implementations and purchasing decisions, our business sales cycles and on account holder or end user, or End User, usage of our solutions;*
- *the risks associated with continued market volatility, including in the financial services sector, inflationary pressures and the impact of any monetary policy changes that may be implemented as a result, such as the recent increase in interest rates by the Federal Reserve, the impact of existing and future U.S. tariffs, uncertainty regarding the legal authority for certain tariffs, global trade measures, including retaliatory tariffs, and the impact on the valuation of marketable securities;*
- *the risk of increased or new competition in our existing markets and as we enter new markets or new segments of existing markets, or as we offer new solutions;*
- *the risks associated with the development of our solutions, including AI-based solutions, our AI and data strategies and solutions, our use of AI tools and solutions, changes to regulation related to AI and data privacy and any discordance between the market for our solutions compared to our expectations;*
- *quarterly fluctuations in our operating results relative to our expectations and guidance and the accuracy of our forecasts;*
- *the risks and increased costs associated with managing growth and global operations, including hiring, training, retaining and motivating employees to support such growth;*
- *the risks associated with our transactional business which are typically driven by End-User behavior and can be influenced by external drivers outside of our control;*

- *the risks associated with effectively managing our business and cost structure in an uncertain economic environment, including as a result of challenges in the financial services industry and the effects of seasonality and unexpected trends;*
- *the risks associated with geopolitical instability, including acts of war or military conflict, uncertainties or discord, including the continuing war in Ukraine, the war in Iran and related disruptions to shipping through the Strait of Hormuz and resulting volatility in energy prices, other conflicts in the Middle East and other parts of the world, heightened risk of state-sponsored cyberattacks or cyber fraud on financial services and other critical infrastructure;*
- *the risks associated with accurately forecasting and managing the impacts of any economic downturn or challenges in the financial services industry on our customers and their End Users, including in particular the impacts of any downturn on financial technology companies, or FinTechs, or alternative finance companies, or Alt-FIs, and our arrangements with them, which may include more complex revenue arrangements for us and which may be more vulnerable to an economic downturn than our financial institution customers;*
- *the challenges and costs associated with selling, implementing and supporting our solutions, particularly for larger customers with more complex requirements and longer implementation processes, including risks related to the timing and predictability of sales of our solutions and the impact that the timing of bookings and go-lives may have on our revenue and financial performance in a period;*
- *the risk that errors, interruptions or delays in our solutions or Web hosting negatively impact our business and sales;*
- *the risks associated with the operation of and reliance on third-party public cloud service providers, including any vendor concentration, dependency, integration, resiliency, performance or cost risks and post-migration specific risks;*
- *the difficulties and risks associated with developing and selling complex new solutions and enhancements, including those using AI, in an environment in which the technical and regulatory specifications and functionality required by our customers and relevant governmental authorities are difficult to predict;*
- *the risks associated with operating within and selling into a regulated industry, including risks related to the rapidly evolving regulation of, and litigation with respect to, AI and machine learning, the receipt, collection, storage, processing and transfer of data and increased regulatory scrutiny on financial technology and related services, including specifically on banking-as-a-service, or BaaS, services;*
- *the risks associated with our sales and marketing capabilities, including partner relationships and the length, cost and unpredictability of our sales cycle;*
- *the risks inherent in third-party technology and implementation partnerships, including defects, failures, interruptions or disruptions in third-party services or solutions, that could disrupt our services or otherwise cause harm to our business;*
- *the risks associated with our reliance on a limited number of third-party AI vendors and concentration in such relationships, including potential disruption of hosted AI services, pricing increases, contractual limitations or the loss of access to key AI capabilities;*
- *the risk that we will not be able to maintain historical contract terms such as pricing and duration;*
- *the general risks associated with the complexity of our customer arrangements and our solutions;*
- *the risks associated with integrating acquired companies and successfully selling and maintaining their solutions;*
- *the risks and challenges around increased regulatory scrutiny and evolving requirements for money movement services and the resulting potential higher costs, increased complexity and limitations on offerings on our business and financial results;*
- *litigation related to intellectual property and other matters and any related claims, negotiations and settlements;*
- *the risks associated with further consolidation in the financial services industry;*
- *the risks associated with selling our solutions internationally and with the continued expansion of our international operations;*
- *the risk that we may not be able to obtain capital when desired or needed on favorable terms; and*

- *such other risks and uncertainties described more fully in documents filed with or furnished to the Securities and Exchange Commission, or the SEC, including the risk factors discussed below and elsewhere in this Quarterly Report on Form 10-Q, particularly in the section titled "Risk Factors," and the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on February 11, 2026.*

Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our management's beliefs and assumptions only as of the date of this Quarterly Report on Form 10-Q. You should read this Quarterly Report on Form 10-Q completely and with the understanding that our actual future results may be materially different from what we expect. We hereby qualify our forward-looking statements by these cautionary statements. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Q2 HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

	September 30, 2026	December 31, 2025
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 116,312	$ 367,631
Restricted cash	1,746	1,672
Investments	6,679	65,064
Accounts receivable, net	94,041	51,716
Contract assets, current portion, net	8,868	8,596
Prepaid expenses and other current assets	20,611	28,234
Deferred solution and other costs, current portion	22,562	22,631
Deferred implementation costs, current portion	11,873	10,508
Total current assets	282,692	556,052
Property and equipment, net	27,855	27,783
Right of use assets	25,282	27,188
Deferred solution and other costs, net of current portion	29,342	27,827
Deferred implementation costs, net of current portion	34,080	28,929
Intangible assets, net	71,456	78,377
Goodwill	512,869	512,869
Contract assets, net of current portion and allowance	15,948	14,103
Other long-term assets	4,530	3,149
Total assets	$ 1,004,054	$ 1,276,277
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 21,311	$ 20,473
Accrued liabilities	25,769	24,572
Accrued compensation	25,792	31,754
Convertible notes, current portion	—	303,368
Deferred revenues, current portion	197,693	155,003
Lease liabilities, current portion	8,411	8,915
Total current liabilities	278,976	544,085
Deferred revenues, net of current portion	27,467	26,826
Lease liabilities, net of current portion	30,482	33,832
Other long-term liabilities	9,344	9,723
Total liabilities	346,269	614,466
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Preferred stock: $0.0001 par value; 5,000 shares authorized, no shares issued or outstanding as of September 30, 2026 and December 31, 2025	—	—
Common stock: $0.0001 par value; 150,000 shares authorized, 61,782 issued and outstanding as of September 30, 2026 and 62,741 shares issued and outstanding as of December 31, 2025	6	6
Additional paid-in capital	1,183,238	1,275,980
Accumulated other comprehensive loss	(2,954)	(1,953)
Accumulated deficit	(522,505)	(612,222)
Total stockholders' equity	657,785	661,811
Total liabilities and stockholders' equity	$ 1,004,054	$ 1,276,277

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

Q2 HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenues	$ 225,771	$ 201,704	$ 662,042	$ 586,587
Cost of revenues	90,928	92,859	269,085	272,188
Gross profit	134,843	108,845	392,957	314,399
Operating expenses:				
Sales and marketing	24,536	26,401	76,200	79,965
Research and development	41,356	38,932	124,351	113,699
General and administrative	33,641	31,705	98,896	95,061
Transaction-related costs	—	—	270	—
Amortization of acquired intangibles	—	—	—	93
Lease and other restructuring charges	1,352	803	2,252	2,548
Total operating expenses	100,885	97,841	301,969	291,366
Income from operations	33,958	11,004	90,988	23,033
Other income (expense):				
Interest and other income	917	5,487	7,591	15,076
Interest and other expense	(544)	(1,283)	(2,778)	(4,164)
Total other income, net	373	4,204	4,813	10,912
Income before income taxes	34,331	15,208	95,801	33,945
Provision for income taxes	(1,111)	(160)	(6,084)	(2,380)
Net income	$ 33,220	$ 15,048	$ 89,717	$ 31,565
Other comprehensive income (loss):				
Unrealized gain (loss) on available-for-sale investments	—	65	(61)	(12)
Foreign currency translation adjustment	(274)	(483)	(940)	29
Comprehensive income	$ 32,946	$ 14,630	$ 88,716	$ 31,582
Net income per common share				
Basic	$ 0.53	$ 0.24	$ 1.44	$ 0.51
Diluted	$ 0.52	$ 0.23	$ 1.38	$ 0.49
Weighted average common shares outstanding				
Basic	62,153	62,458	62,325	62,015
Diluted	63,529	69,858	65,690	65,076

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

Q2 HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(unaudited)
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Total stockholders' equity, beginning balances	$ 643,454	$ 584,335	$ 661,811	$ 517,796
Common stock and additional paid-in capital:				
Beginning balances	1,201,859	1,233,486	1,275,986	1,183,899
Stock-based compensation expense	20,713	23,920	63,050	69,289
Exercise of stock options	—	—	—	547
Issuance of common stock under ESPP	—	—	3,617	3,671
Repurchases of common shares	(39,328)	—	(159,409)	—
Ending balances	1,183,244	1,257,406	1,183,244	1,257,406
Accumulated deficit:				
Beginning balances	(555,725)	(647,713)	(612,222)	(664,230)
Net income	33,220	15,048	89,717	31,565
Ending balances	(522,505)	(632,665)	(522,505)	(632,665)
Accumulated other comprehensive loss:				
Beginning balances	(2,680)	(1,438)	(1,953)	(1,873)
Other comprehensive income (loss)	(274)	(418)	(1,001)	17
Ending balances	(2,954)	(1,856)	(2,954)	(1,856)
Total stockholders' equity, ending balances	$ 657,785	$ 622,885	$ 657,785	$ 622,885
Common stock (in shares):				
Beginning balances	62,360	62,442	62,741	60,728
Exercise of stock options	—	—	—	12
Issuance of common stock under ESPP	—	—	90	49
Repurchases of common shares	(633)	—	(2,900)	—
Shares issued for the vesting of restricted stock awards	55	68	1,851	1,721
Ending balances	61,782	62,510	61,782	62,510

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

Q2 HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2026	**2025**
Cash flows from operating activities:		
Net income	$ 89,717	$ 31,565
Adjustments to reconcile net income to net cash from operating activities:		
Amortization of deferred implementation, solution and other costs	22,548	21,983
Depreciation and amortization	36,274	40,888
Amortization of debt issuance costs	768	1,628
Amortization of premiums and discounts on investments	(20)	(934)
Stock-based compensation expense	60,806	66,767
Deferred income taxes	(1,284)	(897)
Lease restructuring and impairments	706	103
Other non-cash items	(886)	536
Changes in operating assets and liabilities:		
Accounts receivable, net	(42,635)	(27,965)
Prepaid expenses and other current assets	8,014	4,485
Deferred solution and other costs	(11,171)	(12,098)
Deferred implementation costs	(18,467)	(14,013)
Contract assets, net	(2,116)	(1,225)
Other long-term assets	2,233	4,340
Accounts payable	4,017	(1,409)
Accrued liabilities	(3,637)	(2,141)
Deferred revenues	43,338	33,944
Deferred rent and other long-term liabilities	(6,549)	(7,792)
Net cash provided by operating activities	181,656	137,765
Cash flows from investing activities:		
Purchases of investments	(226)	(91,503)
Maturities of investments	58,743	84,150
Purchases of property and equipment	(10,366)	(4,812)
Capitalized software development costs	(21,119)	(16,175)
Net cash provided by (used in) investing activities	27,032	(28,340)
Cash flows from financing activities:		
Repurchases of common shares	(158,881)	—
Payment for maturity of convertible notes	(303,995)	—
Proceeds from exercise of stock options and ESPP	3,617	4,218
Net cash provided by (used in) financing activities	(459,259)	4,218
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(674)	96
Net increase (decrease) in cash, cash equivalents and restricted cash	(251,245)	113,739
Cash, cash equivalents and restricted cash, beginning of period	369,303	360,793
Cash, cash equivalents and restricted cash, end of period	$ 118,058	$ 474,532
Supplemental disclosure of non-cash investing and financing activities:		
Property and equipment acquired and included in accounts payable and accrued liabilities	$ 805	$ 542
Stock-based compensation for capitalized software development	$ 1,425	$ 1,515

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

Q2 HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
(in thousands, except per share amounts and unless otherwise indicated)

1. Organization and Description of Business

Q2 Holdings, Inc. and its wholly-owned subsidiaries, collectively the Company or Q2, is a leading provider of digital solutions to financial institutions, financial technology companies, or FinTechs, and alternative finance companies, or Alt-FIs, seeking to incorporate banking into their customer engagement and servicing strategies. The Company's solutions transform the ways in which financial institutions and other financial services providers engage with account holders and retail and commercial end users, or End Users, enabling them to deliver robust suites of digital banking, digital lending and relationship pricing, risk and fraud solutions and banking-as-a-service, or BaaS, services that make it possible for account holders and End Users to transact and engage anytime, anywhere and on any device. The Company delivers its solutions to the substantial majority of its customers using a software-as-a-service, or SaaS, model under which its customers pay subscription fees for the use of the Company's solutions. The Company was incorporated in Delaware in March 2005 and is a holding company that owns 100% of the outstanding capital stock of Q2 Software, Inc. The Company's headquarters are located in Austin, Texas.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

These interim unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP, and Securities and Exchange Commission, or SEC, requirements for interim financial statements. The interim unaudited condensed consolidated financial statements include the accounts of Q2 Holdings, Inc. and its direct and indirect wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

In the Company's opinion, the interim unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments, consisting of normal, recurring adjustments, necessary for a fair presentation. Certain information and disclosures normally included in the notes to the annual consolidated financial statements prepared in accordance with GAAP have been omitted from these interim unaudited condensed consolidated financial statements pursuant to the rules and regulations of the SEC. Accordingly, these interim unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the accompanying notes for the fiscal year ended December 31, 2025, which are included in the Company's Annual Report on Form 10-K, or Form 10-K, filed with the SEC on February 11, 2026. The results of operations for the three and nine months ended September 30, 2026 are not necessarily indicative of the results to be expected for the year ending December 31, 2026 or for any other period.

Use of Estimates

The preparation of the interim unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the interim unaudited condensed consolidated financial statements, and the reported amounts of revenues and expenses. Significant items subject to such estimates include: revenue recognition; estimate of credit losses; fair value of certain stock awards issued; the carrying value of goodwill; the useful lives of property and equipment and long-lived intangible assets; the impairment assessment of long-lived assets; and income taxes. In accordance with GAAP, management bases its estimates on historical experience and on various other assumptions that management believes are reasonable under the circumstances. Management regularly evaluates its estimates and assumptions using historical experience and other factors; however, actual results could differ significantly from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, restricted cash, investments, accounts receivable and contract assets. The Company's cash and cash equivalents, restricted cash and investments are placed with high credit quality financial institutions and issuers, and at times may exceed federally insured limits. The Company has not experienced any loss relating to cash and cash equivalents or restricted cash in these accounts. The Company provides credit, in the normal course of business, to a majority of its customers. The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral. No individual customer accounted for 10% or more of revenues for the three and nine months ended September 30, 2026 and 2025. No customer accounted for 10% or more of accounts receivable, net as of September 30, 2026 and December 31, 2025.

Q2 HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
(in thousands, except per share amounts and unless otherwise indicated)

Summary of Significant Accounting Policies

There were no material changes to our significant accounting policies during the nine months ended September 30, 2026 compared to the significant accounting policies described in our Form 10-K.

Basic and Diluted Net Income per Common Share

The following table sets forth the computations of net income per share for the periods listed:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Basic net income per share				
Numerator:				
Net income	$ 33,220	$ 15,048	$ 89,717	$ 31,565
Denominator:				
Weighted-average common shares outstanding, basic	62,153	62,458	62,325	62,015
Net income per common share, basic	$ 0.53	$ 0.24	$ 1.44	$ 0.51
Diluted net income per share				
Numerator:				
Net income	$ 33,220	$ 15,048	$ 89,717	$ 31,565
Interest expense, net of tax[1]	—	845	1,184	—
Adjusted net income used in diluted computations	$ 33,220	$ 15,893	$ 90,901	$ 31,565
Denominator:				
Weighted-average common shares outstanding, basic	62,153	62,458	62,325	62,015
Effect of potentially dilutive shares:				
Stock options, restricted stock units, market stock units and performance stock units	1,368	2,600	1,483	3,056
Shares issuable pursuant to the ESPP	8	7	10	5
Shares related to convertible notes[2]	—	4,793	1,872	—
Weighted-average common shares outstanding, diluted	63,529	69,858	65,690	65,076
Net income per common share, diluted	$ 0.52	$ 0.23	$ 1.38	$ 0.49

[1] Interest expense has been tax effected using the combined federal and blended state rate of 24.9%.

[2] The convertible senior notes issued by the Company could have been converted into the Company's common stock, subject to certain contingencies. The 2026 convertible notes were settled during the three months ended June 30, 2026 and are no longer outstanding. See Note 9—Debt for additional information. The if-converted method is used to calculate the dilutive effect of our convertible notes on diluted net income per common share.

The following table sets forth the anti-dilutive common share equivalents for the periods listed:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Stock options, restricted stock units, market stock units and performance stock units	609	127	502	104
Shares related to convertible notes	—	—	—	4,793
Anti-dilutive shares excluded from diluted net income per common share	609	127	502	4,897

Q2 HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
(in thousands, except per share amounts and unless otherwise indicated)

Recent Accounting Pronouncements

In September 2025, the Financial Accounting Standards Board, or FASB, issued ASU No. 2025-06, "Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software." The amendments are intended to reduce diversity in practice and provide clearer criteria for determining which implementation and development costs should be capitalized versus expensed. The ASU is effective for annual periods beginning after December 15, 2027, and interim periods within those annual reporting periods. Entities may apply a prospective transition approach, a modified transition approach, or a retrospective transition approach. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements and related disclosures.

In July 2025, the FASB issued ASU No. 2025-05, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets" which provides targeted improvements to the guidance for measuring expected credit losses. The amendments are intended to enhance consistency in application and clarify the treatment of certain financial assets within the scope of Topic 326. The ASU is effective for annual periods beginning after December 15, 2025, and interim periods within those annual reporting periods, on a prospective basis. The Company adopted the new guidance effective January 1, 2026 on a prospective basis and elected the practical expedient to estimate expected credit losses based on actual uncollected amounts. There was no material impact to the Company's consolidated financial statements as of the adoption date.

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses" which requires public companies to disclose additional information about certain costs and expenses in the financial statements. The ASU is effective for fiscal years beginning after December 15, 2026, and for interim periods within fiscal years beginning after December 15, 2027, on a prospective or retrospective basis. Early adoption is permitted. The Company is currently evaluating the impact that the adoption of this standard will have on its financial statement disclosures.

3. Revenues

Revenue Recognition

Revenues are recognized when control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services over the term of the agreement, generally when the Company's solutions are implemented and made available to its customers. The promised consideration may include fixed amounts, variable amounts or both. Revenues are recognized net of sales credits and allowances.

Disaggregation of Revenue

Revenue-generating activities are directly related to the sale, implementation and support of the Company's solutions within a single operating segment. The Company derives the majority of its revenues from subscription fees for the use of its hosted solutions, transactional revenue from bill-pay solutions and remote deposit products, revenues for professional services and implementation services related to its solutions and certain third-party related pass-through fees.

The following table disaggregates the Company's revenue by major source:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Subscription	$ 188,156	$ 165,218	$ 550,815	$ 477,929
Transactional	18,060	17,886	53,792	53,237
Services and Other	19,555	18,600	57,435	55,421
Total Revenues	$ 225,771	$ 201,704	$ 662,042	$ 586,587

Deferred Revenues

Deferred revenue primarily consists of payments received and amounts billed in advance for subscription and implementation services prior to satisfying the Company's performance obligations. The Company recognized $24.6 million and $21.3 million of revenue during the three months ended September 30, 2026 and 2025, respectively, and $149.5 million and $128.4 million of revenue during the nine months ended September 30, 2026 and 2025, respectively, that was included in the deferred revenue balance at the beginning of the respective periods.

Remaining Performance Obligations

On September 30, 2026, the Company had $2.77 billion of remaining performance obligations, which represents contracted revenue minimums that have not yet been recognized, including amounts that will be invoiced and recognized as revenue in future periods. The Company expects to recognize approximately 54% of its remaining performance obligations as revenue in the next 24 months, an additional 33% in the next 25 to 48 months, and the balance thereafter.

Allowance for Credit Losses

The Company is exposed to credit losses primarily through sales of products and services. The Company assesses the collectability of outstanding contract assets on an ongoing basis and maintains a reserve which is included in the allowance for credit losses for contract assets deemed uncollectible. The Company analyzes the contract asset portfolio for significant risks by considering historical collection experience and forecasting of future collectability to determine the amount of revenues that will ultimately be collected from its customers. Customer type (whether a customer is a financial institution or other digital solution provider) has been identified as the primary specific risk affecting the Company's contract assets, and the estimate for losses is analyzed quarterly and adjusted as necessary. Future collectability may be impacted by current economic conditions that could impact the Company's customers. Additionally, specific allowance amounts may be established to record the appropriate provision for customers that have a higher probability of default. Nominal amounts were provisioned by the Company for expected credit losses for the nine months ended September 30, 2026 and 2025, and no charges were taken against the allowance at either September 30, 2026 or 2025. The allowance for credit losses related to contract assets was $0.05 million as of September 30, 2026 and December 31, 2025.

The Company assesses the collectability of outstanding accounts receivable on an ongoing basis and maintains an allowance for credit losses for accounts receivable deemed uncollectible. The Company analyzes the accounts receivable portfolio for significant risks and considers prior periods and forecasts future collectability to determine the amount of revenues that will ultimately be collected from its customers. This estimate is analyzed quarterly and adjusted as necessary. Identified risks pertaining to the Company's accounts receivable include the delinquency level and customer type. Future collectability may be impacted by current economic conditions that could impact the Company's customers. Due to the short-term nature of such receivables, the estimate of the amount of accounts receivable that may not be collected is based on aging of the accounts receivable balances and the financial condition of customers. Historically, the Company's collection experience has not varied significantly, and bad debt expenses have been insignificant. Nominal amounts were provisioned by the Company for the expected losses for the nine months ended September 30, 2026 and 2025, and nominal charges were taken against the allowance at each of September 30, 2026 and 2025. The allowance for credit losses related to accounts receivable was $0.3 million and $0.4 million as of September 30, 2026 and December 31, 2025, respectively.

4. Fair Value Measurements

The carrying values of the Company's financial assets not measured at fair value on a recurring basis, principally accounts receivable, restricted cash and accounts payable, approximated their fair values due to the short period of time to maturity or repayment.

Fair value is defined as the exchange price that would be received for an asset or an exit price paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The current accounting guidance for fair value measurements defines a three-level valuation hierarchy for disclosures as follows:

- Level I—Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level II—Inputs other than quoted prices included within Level I that are observable, unadjusted quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and
- Level III—Unobservable inputs that are supported by little or no market activity, which requires the Company to develop its own assumptions.

The categorization of a financial instrument within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

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The following table details the fair value hierarchy of the Company's financial assets measured at fair value on a recurring basis as of September 30, 2026:

Investments:	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
Certificates of deposit	$ 5,767	$ —	$ 5,767	$ —

The following table details the fair value hierarchy of the Company's financial assets measured at fair value on a recurring basis as of December 31, 2025:

		Fair Value Measurements Using:		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
Cash Equivalents:				
Money market funds	$ 94,119	$ 94,119	$ —	$ —

Investments:	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
Corporate bonds and commercial paper	$ 41,443	$ —	$ 41,443	$ —
Certificates of deposit	8,839	—	8,839	—
U.S. government securities	14,095	—	14,095	—
	$ 64,377	$ —	$ 64,377	$ —

The Company determines the fair value of the vast majority of its debt investment holdings based on pricing from its pricing vendors. The valuation techniques used to measure the fair value of financial instruments having Level II inputs were derived from non-binding consensus prices that are corroborated by observable market data or quoted market prices for similar instruments. Such market prices may be quoted prices in active markets for identical assets (Level I inputs) or pricing determined using inputs other than quoted prices that are observable either directly or indirectly (Level II inputs).

5. Cash, Cash Equivalents and Investments

The Company's cash, cash equivalents and investments have consisted primarily of cash, U.S. government securities, corporate bonds, commercial paper, certificates of deposit, money market funds and other equity investments. The Company considers all highly liquid investments acquired with an original maturity of ninety days or less at the date of purchase to be cash equivalents. Cash equivalents are stated at cost or fair value based on the underlying security. Restricted cash consists of deposits held as collateral for the Company's secured letters of credit or bank guarantees issued in place of security deposits for the Company's corporate headquarters and various other leases and deposits held by the Company on behalf of its medical insurance carrier reserved for the use of claim payments.

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The Company classifies its debt investments as available-for-sale at the time of purchase and reevaluates such classification as of each balance sheet date. All debt investments are recorded at estimated fair value. Unrealized gains and losses on available-for-sale investments are included in accumulated other comprehensive income (loss), a component of stockholders' equity. If the Company does not expect to recover the entire amortized cost basis of the available-for-sale debt security, it considers the available-for-sale debt security to be impaired. For individual debt securities classified as available-for-sale and deemed impaired, the Company assesses whether such decline has resulted from a credit loss or other factors. Impairment relating to credit losses is recorded through a reserve, limited to the amount that the fair value is less than the amortized cost basis. Impairment is reported in other income (expense), net on the condensed consolidated statements of comprehensive income. Realized gains and losses are determined based on the specific identification method and are reported in other income (expense), net on the condensed consolidated statements of comprehensive income. Interest, amortization of premiums and accretion of discount on all debt investments classified as available-for-sale are also included as a component of interest and other income, net on the condensed consolidated statements of comprehensive income. Based on the Company's assessment, no impairments for credit losses were recognized during either of the nine months ended September 30, 2026 or 2025.

The Company has invested in private financial technology investment funds, classified as equity investments. Equity investments without a readily determinable fair value, where the Company has no influence over the operating and financial policies of the investee, are recorded at cost, less impairment and adjusted for subsequent observable price changes obtained from orderly transactions for identical or similar investments issued by the same investee. An impairment charge to current earnings is recorded when the cost of the investment exceeds its fair value and this condition is determined to be other-than-temporary. During the nine months ended September 30, 2026, the Company determined there was no other-than-temporary impairment on its equity investments. These equity investments had a carrying amount of $0.9 million as of September 30, 2026 and $0.7 million as of December 31, 2025.

As of September 30, 2026 and December 31, 2025, the Company's cash was $116.3 million and $273.5 million, respectively.

A summary of the Company's cash equivalents and investments that are carried at fair value as of September 30, 2026 is as follows:

Investments:	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Certificates of deposit	$ 5,767	$ —	$ —	$ 5,767

A summary of the Company's cash equivalents and investments that are carried at fair value as of December 31, 2025 is as follows:

Cash Equivalents:	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Money market funds	$ 94,119	$ —	$ —	$ 94,119
Investments:	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Corporate bonds and commercial paper	$ 41,407	$ 39	$ (3)	$ 41,443
Certificates of deposit	8,835	4	—	8,839
U.S. government securities	14,074	21	—	14,095
	$ 64,316	$ 64	$ (3)	$ 64,377

Investments may be sold or may settle at any time, without significant penalty, for use in current operations or for other purposes, even if they have not yet reached maturity. As a result, the Company classifies its investments, including investments with maturities beyond twelve months, as current assets on the condensed consolidated balance sheets.

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The following table summarizes the estimated fair value of the Company's debt investments, designated as available-for-sale and classified by the contractual maturity date of the investments as of the dates shown:

	September 30, 2026	December 31, 2025
Due within one year or less	$ 5,767	$ 58,782
Due after one year through two years	—	5,595
	$ 5,767	$ 64,377

The Company has held certain available-for-sale debt investments in a gross unrealized loss position. The Company regularly reviews its debt investments for impairment resulting from credit loss using both qualitative and quantitative criteria, as necessary, based on the composition of the portfolio at period end. The Company considers factors such as the length of time and extent to which the market value has been less than the cost, the financial position and near-term prospects of the issuer or whether the Company has the intent to or it is more likely than not it will be required to sell the investments before recovery of the investments' amortized-cost basis. If the Company determines that impairment exists in one of these investments, the respective investments would be written down to fair value. For debt securities, the portion of the write-down related to credit loss would be recognized in other income (expense), net on the condensed consolidated statements of comprehensive income if the intent of the Company was to sell the investments before recovery. Any portion not related to credit loss would be included in accumulated other comprehensive loss in the condensed consolidated balance sheets. Because the Company has not historically sold investments in a material unrealized loss position and does not currently hold any investments in an unrealized loss position, the reserve for available-for-sale debt securities was zero as of September 30, 2026 and December 31, 2025.

As of September 30, 2026, the Company had no available-for-sale debt investments in a continuous unrealized loss position.

The following table presents the fair values and the gross unrealized losses of these available-for-sale debt investments as of December 31, 2025, aggregated by investment category and the length of time that individual securities have been in a continuous loss position:

	Less than 12 months		12 months or greater	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Corporate bonds and commercial paper	$ 1,492	$ (3)	$ 1,009	$ —
Certificates of deposit	—	—	494	—
U.S. government securities	1,236	—	—	—
	$ 2,728	$ (3)	$ 1,503	$ —

6. Goodwill and Intangible Assets

The carrying amount of goodwill was $512.9 million at both September 30, 2026 and December 31, 2025. Goodwill represents the excess purchase price over the fair value of net assets acquired. The annual impairment test was performed as of October 31, 2025. No impairment of goodwill was identified during 2025, nor has any impairment of goodwill been recorded to date.

Intangible assets at September 30, 2026 and December 31, 2025 were as follows:

	As of September 30, 2026			As of December 31, 2025		
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Gross Amount	Accumulated Amortization	Net Carrying Amount
Acquired technology	$ 117,737	$ (114,525)	$ 3,212	$ 117,737	$ (101,481)	$ 16,256
Capitalized software development costs	122,187	(53,943)	68,244	103,884	(41,763)	62,121
	$ 239,924	$ (168,468)	$ 71,456	$ 221,621	$ (143,244)	$ 78,377

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The Company recorded intangible assets from various prior business combinations as well as capitalized software development costs. Intangible assets are amortized on a straight-line basis over their estimated useful lives, which range from five to seven years. During the three months ended September 30, 2026 and 2025, the Company capitalized software development costs of $8.1 million and $6.1 million, respectively, and $22.5 million and $17.7 million for the nine months ended September 30, 2026 and 2025, respectively. Amortization expense included in cost of revenues on the condensed consolidated statements of comprehensive income was $10.1 million for each of the three months ended September 30, 2026 and 2025, and $29.5 million for each of the nine months ended September 30, 2026 and 2025. Amortization expense included in operating expenses on the condensed consolidated statements of comprehensive income was zero for each of the three months ended September 30, 2026 and 2025, and zero and $0.1 million for the nine months ended September 30, 2026 and 2025, respectively.

The estimated future amortization expense related to intangible assets as of September 30, 2026 was as follows:

	Amortization
Year Ended December 31,	
2026 (October 1 to December 31)	$ 8,029
2027	23,873
2028	17,647
2029	12,190
2030	7,404
Thereafter	2,313
Total amortization	$ 71,456

7. Leases

The Company leases office space under non-cancellable operating leases for its corporate headquarters in Austin, Texas, in two adjacent buildings under separate lease agreements. Pursuant to the first agreement, the Company leases office space with an initial term that expires on April 30, 2028, with the option to extend the lease for an additional ten-year term. The Company is not reasonably certain to exercise the renewal under this agreement, therefore no amounts related to this option are recognized as part of lease liabilities or right of use assets. Pursuant to the second agreement, the Company leases office space with lease terms of approximately ten years, with an option to extend the lease on the second building from five to ten years. The Company is reasonably certain to exercise this renewal under this agreement, therefore amounts related to this option are recognized as part of lease liabilities and right of use assets. The Company also leases office space in other U.S. cities located in Nebraska, Iowa and North Carolina. Internationally, the Company leases offices in India and Australia, and from time to time, employees may work from flexible office spaces in the U.S. and internationally.

During the nine months ended September 30, 2026, the Company recorded $2.7 million in lease liabilities related to the commencement of a U.S. based office lease agreement. The Company recognized a corresponding right-of-use asset of $2.1 million, net of $0.6 million in tenant lease improvements allowances. As of September 30, 2026, the Company has received no reimbursements for this allowance and has a remaining allowance receivable of $0.6 million included as a component of prepaid expenses and other current assets on the Company's consolidated balance sheets.

Maturities of the Company's operating lease liabilities for lease terms in excess of one year at September 30, 2026 were as follows:

	Operating Leases
Year Ended December 31,	
2026 (October 1 to December 31)	$ 2,636
2027	9,856
2028	6,866
2029	5,379
2030	5,495
Thereafter	17,864
Total lease payments	48,096
Less: imputed interest	(9,203)
Total operating lease liabilities	$ 38,893

The operating lease liabilities include $13.6 million in optional lease renewals where the Company is reasonably certain of exercising those options as of September 30, 2026.

The Company has updated its assessment of previously exited leased office spaces. As a result, the Company evaluated the recoverability of its right of use and other lease related assets and determined that their carrying values were not fully recoverable. The Company calculated the impairment by comparing the carrying amount of the asset group to its estimated fair value using a discounted cash flow model. During the three and nine months ended September 30, 2026, impairment charges of $0.3 million were recorded to right of use assets. These charges were recorded within operating expenses on the condensed consolidated statements of comprehensive income.

8. Commitments and Contingencies

The Company has non-cancelable contractual commitments for certain third-party products, stadium sponsorship costs, commitment fees associated with the Company's Revolving Credit Agreement, third-party public cloud service provider fees and other product costs. Several of these purchase commitments for third-party products contain both a contractual minimum obligation and a variable obligation based upon usage or other factors which can change on a monthly basis. The estimated amounts for usage and other factors are not included within the table below.

Future minimum contractual commitments that have initial non-cancelable terms in excess of one year at September 30, 2026 were as follows:

	Contractual Commitments
Year Ended December 31,	
2026 (October 1 to December 31)	$ 20,022
2027	92,631
2028	56,795
2029	499
2030 and thereafter	—
Total commitments	$ 169,947

Legal Proceedings

From time to time, the Company is involved in legal proceedings arising both in and outside the ordinary course of its business. The Company is not presently a party to any legal proceedings that it believes, if determined adversely to the Company, would have a material adverse effect on the Company.

Loss Contingencies

In the ordinary course of business, the Company is subject to loss contingencies that cover a range of matters. An estimated loss from a loss contingency, such as a legal proceeding or claim, is accrued if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

Severance and Other Related Costs

In prior years, the Company incurred contractual severance-related expenses for the departure of executive officers that were included within lease and other restructuring charges on the condensed consolidated statements of comprehensive income. The severance charges relating to the executive departures are anticipated to be paid out over the 18 months following the executives' departures, consistent with employment arrangements. During the nine months ended September 30, 2026, cash payments of $1.1 million were made for the previously incurred costs. The remaining liability is included in accrued compensation on the condensed consolidated balance sheets in the amount of $0.7 million and $1.8 million as of September 30, 2026 and December 31, 2025, respectively.

9. Debt

Convertible Senior Notes due 2026

In the second quarter 2026, the Company repaid the $304.0 million aggregate remaining principal amount of its 0.75% convertible senior notes due June 2026, or the Notes, in cash prior to the maturity date of June 1, 2026. No conversions occurred prior to or at maturity.

The following table summarizes our total outstanding borrowings:

	As of September 30, 2026	As of December 31, 2025
Principal	$ —	$ 303,995
Unamortized debt issuance costs	—	(627)
Net carrying amount	$ —	$ 303,368

Revolving Credit Agreement

On July 29, 2024, the Company entered into a five-year secured Revolving Credit Agreement with Wells Fargo Bank, National Association, Wells Fargo Securities, LLC and Texas Capital Bank. The Revolving Credit Agreement provides for a revolving line of credit of up to $125.0 million, which may be drawn upon as revolving loans, swingline loans or letter of credit issuances, with sublimits (i) in the case of swingline loans, in an amount up to $20.0 million and (ii) in the case of letters of credit, in an amount up to $10.0 million. Borrowings under the Revolving Credit Agreement may, at the Company's election, bear interest quarterly at either (a) the base rate plus the applicable margin ("Base Rate Loans") or (b) the adjusted term secured overnight financing rate (the "SOFR"), plus the applicable margin (the "Adjusted Term SOFR Loans"). The applicable margin ranges from 0.75% to 1.50% per annum for Base Rate Loans and 1.75% to 2.50% per annum for Adjusted Term SOFR Loans. A commitment fee accrues at a rate ranging from 0.15% to 0.30% per annum, based on the Company's consolidated total net leverage ratio, of the average daily unused portion of the commitment of the lenders.

The Revolving Credit Agreement contains customary representations, warranties, affirmative and negative covenants, including covenants which restrict the ability of the Company, or any of its subsidiaries to, among other things, create liens, incur additional indebtedness and engage in certain other transactions, in each case subject to certain exclusions. In addition, the Revolving Credit Agreement contains certain financial covenants which become effective in the event the Company's liquidity (as defined in the Revolving Credit Agreement) falls below specified levels. The Revolving Credit Agreement contains customary events of default relating to, among other things, payment defaults, breach of covenants, cross-default acceleration to material indebtedness, bankruptcy-related defaults, judgment defaults, and the occurrence of certain change of control events. The occurrence of an event of default may result in the termination of the Revolving Credit Agreement and acceleration of repayment obligations with respect to any outstanding principal amounts. As of September 30, 2026, the Company was in compliance with all financial covenants in the Revolving Credit Agreement.

As of September 30, 2026, $0.5 million of unamortized debt issuance cost related to the Revolving Credit Agreement is included in prepaid expense and other current assets and other long-term assets in the condensed consolidated balance sheets. As of September 30, 2026, the Company had no outstanding borrowings under the Revolving Credit Agreement.

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Interest Expense on Debt

The following table sets forth expenses related to the Notes and Revolving Credit Agreement:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Contractual interest expense	$ 48	$ 710	$ 1,111	$ 2,136
Amortization of debt issuance costs	47	542	768	1,628
Total	$ 95	$ 1,252	$ 1,879	$ 3,764

Debt issuance costs are amortized on a straight-line basis over the expected life of the applicable debt instrument. For the debt issuance costs related to the Notes, prior to maturity, the straight-line basis approximates the effective interest method.

10. Stock-Based Compensation

In March 2014, the Company's board of directors approved the 2014 Equity Incentive Plan, or 2014 Plan. The 2014 Plan terminated on June 1, 2023, except with respect to the outstanding awards previously granted thereunder. As of June 1, 2023, there were 7,606 shares of common stock that were reserved for issuance pursuant to outstanding awards, assuming maximum performance for any performance-based awards, under the 2014 Plan.

In May 2023, the Company's stockholders approved the 2023 Equity Incentive Plan, or 2023 Plan, with an effective date of June 1, 2023, under which stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares and units and other cash-based or stock-based awards may be granted to employees, consultants and directors. At time of approval, up to 14,045 shares of common stock were reserved for issuance under the 2023 Plan, all of which consisted of shares previously reserved for issuance under the 2014 Plan and any shares that would otherwise be returned to the 2014 Plan as a result of the forfeiture, repurchase or termination of awards issued under that plan. The 2023 Plan is a successor to and continuation of the Company's 2014 Plan. As of September 30, 2026, 3,912 shares remain authorized and available for future issuance under the 2023 Plan, assuming attainment of maximum performance for any market stock units or performance stock units.

In March 2014, the Company adopted its Employee Stock Purchase Plan, or ESPP. The plan was implemented starting January 3, 2022, pursuant to which certain participating domestic employees are able to purchase shares of the Company's common stock at a 15% discount of the lower of the market price at the beginning or end of the applicable offering period. Offering periods commence on each June 1 and December 1. The Board provided for a share reserve with respect to the ESPP of 800 shares. The ESPP contained a provision that automatically increased the shares available for issuance under the plan on January 1 of each year through 2024, by an amount equal to the lesser of (a) 500 shares, (b) 1% of the number of shares issued and outstanding on the immediately preceding December 31, or (c) such other amount as may be determined by the Company's board of directors. As of September 30, 2026, 1,039 shares remain authorized and available for future issuance under the ESPP.

Stock-based compensation expense was recorded in the following cost and expense categories on the Company's condensed consolidated statements of comprehensive income:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Cost of revenues	$ 2,140	$ 2,323	$ 6,442	$ 7,603
Sales and marketing	1,918	3,945	6,741	11,386
Research and development	3,746	4,349	12,044	12,552
General and administrative	12,179	12,640	35,579	35,226
Total stock-based compensation expense	$ 19,983	$ 23,257	$ 60,806	$ 66,767

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11. Repurchase Program

In October 2025, the Company's Board of Directors authorized a share repurchase program that authorized the Company to repurchase up to $150.0 million of its common stock, and in July 2026, the Board of Directors authorized up to an additional $350.0 million in repurchases, collectively, the Repurchase Program. The Repurchase Program permits shares of common stock to be repurchased from time to time at management's discretion, through open market purchases or privately negotiated transactions, including accelerated share repurchase transactions, block trades or pursuant to Rule 10b5-1 trading plans. The timing and number of shares of common stock repurchased will depend on a variety of factors, including but not limited to the market price of our common stock, general business and market conditions, alternative investment opportunities and funding considerations. The Repurchase Program does not obligate the Company to repurchase any specific number or dollar amount of shares and has no expiration date. The Repurchase Program may be modified, suspended or terminated by the Company's Board of Directors at any time. During the three months ended September 30, 2026, the Company repurchased 633 shares for $38.8 million. During the nine months ended September 30, 2026, the Company repurchased 2,900 shares for $158.9 million. All shares of common stock that were repurchased were retired. In connection with these repurchases, the Company accrued $0.5 million of federal excise tax under the Inflation Reduction Act of 2022, which has been recorded as an additional cost of the repurchases and reflected as a reduction of additional paid-in capital. As of September 30, 2026, $336.1 million of the above-referenced authorizations remained available for future stock repurchases.

12. Income Taxes

In accordance with applicable accounting guidance, the income tax expense for the nine months ended September 30, 2026 is based on the estimated annual effective tax rate for fiscal year 2026. The Company's provision for income taxes is based on estimated effective tax rates derived from an estimate of annual consolidated earnings before taxes, adjusted for nondeductible expenses, other permanent items, valuation allowances, and any applicable income tax credits.

The Company's provision for income taxes reflected an effective tax rate of approximately 3.2% and 1.1% for the three months ended September 30, 2026 and 2025, respectively, and 6.4% and 7.0% for the nine months ended September 30, 2026 and 2025, respectively. For the three and nine months ended September 30, 2026 and 2025, the Company's effective tax rate was lower than the U.S. federal statutory rate primarily due to its valuation allowance offsetting the benefits of losses. The Company's income tax expenses and benefits consist of federal, state and foreign current and deferred income tax expense from global operations.

To date, the Company has provided a valuation allowance against most of its deferred tax assets as it believes the objective and verifiable evidence of its historical pretax net losses outweighs any positive evidence of its forecasted future results. The Company will continue to monitor the positive and negative evidence, and it will adjust the valuation allowance as sufficient objective positive evidence, such as sustained performance of positive net income, becomes available.

As of September 30, 2026, the Company had $5.3 million in uncertain tax positions, including an insignificant amount of accrued interest, of which $1.4 million, if recognized, would impact the Company's effective tax rate. The Company's tax years 2022 through 2025 generally remain open to examination by the major taxing jurisdictions to which the Company is subject. Operating losses generated in years prior to 2022 remain open to adjustment until the statute of limitation closes for the tax year in which the net operating losses are utilized.

13. Segments and Geographic Information

All revenue-generating activities are directly related to the sale, implementation and support of the Company's solutions in a single operating segment. The Company is a leading provider of digital solutions to financial institutions, FinTechs and Alt-FIs, seeking to incorporate banking into their customer engagement and servicing strategies. The Company derives the majority of its revenues from subscription fees for the use of its hosted solutions, transactional revenue from bill-pay solutions and remote deposit products, revenues for professional services and implementation services related to its solutions and certain third-party related pass-through fees. Additionally, see Note 3 - Revenues for additional information about disaggregated revenue.

Q2 HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
(in thousands, except per share amounts and unless otherwise indicated)

The Company's chief operating decision maker, or CODM, is the Chief Executive Officer, and the financial information reviewed by the CODM is presented on a consolidated basis for the single operating segment for purposes of allocating resources, evaluating financial performance and monitoring budget versus actual results based on net income that is also reported on the condensed consolidated statements of comprehensive income. The significant expenses within net income on which the CODM relies include those that are reported on the condensed consolidated statements of comprehensive income. The measure of the Company's single operating segment assets is reported on the condensed consolidated balance sheets as total assets. Substantially all of the Company's principal operations, assets and decision-making functions are located in the United States.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our interim condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and in our other SEC filings, including the audited consolidated financial statements and the accompanying notes for the fiscal year ended December 31, 2025, which are included in our Annual Report on Form 10-K, filed with the SEC on February 11, 2026. In addition to historical condensed consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Quarterly Report on Form 10-Q, particularly in the sections titled "Risk Factors" and "Special Note Regarding Forward-Looking Statements," and the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on February 11, 2026, which include a discussion of the uncertainties, risks and assumptions associated with these statements. The following discussion and analysis also includes a discussion of certain non-GAAP financial measures. For a description and reconciliation of the non-GAAP measures discussed in this section, see "Non-GAAP Financial Measures."

Overview

We are a leading provider of digital solutions to financial institutions, financial technology companies, or FinTechs, and alternative finance companies, or Alt-FIs, seeking to incorporate banking into their customer engagement and servicing strategies. Our solutions transform the ways in which financial institutions and other financial services providers engage with account holders and retail and commercial End Users. Digital financial services are highly regulated, subject to extensive and evolving supervisory, consumer protection, privacy and third-party risk management requirements, and security is paramount, as providers must protect sensitive financial data and funds and defend against continually evolving cyber threats and fraud. Providers must also manage significant technical and operational complexity to deliver consistent, compliant experiences across channels, devices and third-party integrations while integrating with core systems, legacy infrastructure and multiple third-party service providers, all while maintaining high availability and resiliency. We deliver these solutions through a unified, cloud-based software platform purpose-built for the complex, regulated financial services industry, enabling scalable and highly configurable digital financial experiences. Our solutions comprise a broad and deep portfolio of digital banking offerings, digital lending and relationship pricing solutions, risk and fraud solutions, Q2 Innovation Studio and Helix.

Delivering advanced digital solutions in the complex and heavily regulated financial services industry requires significant resources, personnel and expertise. We provide digital solutions that are designed to be highly configurable, scalable and adaptable to the specific needs of our customers. We design and develop our solutions with an open platform approach intended to provide comprehensive integration among our solution offerings and our customers' internal and third-party systems. Our platform architecture supports modular innovation and enables customers and partners to deploy new capabilities efficiently while maintaining operational resilience and compliance. This integrated approach allows our customers to deliver a unified financial experience across digital channels. Our solutions provide our customers the flexibility to configure their digital services in a manner that is consistent with each customer's specific offerings, workflows, processes and controls. Our solutions also allow our customers to personalize the digital experiences they deliver to their End Users by extending their individual services and brand requirements across digital channels. Our solutions are designed with the stringent security, technical and regulatory requirements applicable to financial institutions and financial services providers in mind and to safeguard our customers' data and that of their End Users.

Founded over 22 years ago, Q2 began by providing digital banking solutions to domestic regional and community financial institutions, or RCFIs. We have rapidly grown since then through a combination of innovation, broad market adoption of our solutions, strategic investments and acquisitions. As customer needs and technology architectures have evolved, we have expanded our solution portfolio to address a broader set of mission-critical technology, data and operational requirements across the financial services value chain. Our expanded collection of solutions now spans digital banking, digital lending and relationship pricing, regulatory and compliance, risk and fraud, account switching, data-driven sales enablement, spending insights and portfolio management, and also includes our open platform solutions as well as our core and BaaS offerings. We serve account holders and borrowers across retail, small to medium business, or SMBs, and commercial segments. While we continue to generate a substantial majority of our revenue from our digital banking platform, we are actively leveraging our broader product portfolio and deep domain expertise to expand our market presence. This strategy includes seeking to further penetrate the digital banking market and drive significant growth across our diverse customer base in the broader financial services sector, while opening up new and meaningful expansion opportunities for our business.

The financial services industry is experiencing significant transformation driven by the growing demand within financial institutions to digitize their operations and offerings, as well as the rise of FinTechs and Alt-FIs, which are reshaping End-User expectations for more innovative and engaging digital financial experiences. At the same time, advancements in data analytics, automation, and AI are increasing the importance of modern, fast, flexible technology platforms that can support innovation while meeting stringent regulatory, security and resiliency requirements. These shifts are leading to new roles and interdependencies among financial institutions, FinTechs and Alt-FIs, necessitating new technology, partnerships, and business models. We believe that lasting value creation in financial services will be achieved by those companies that are capable of supporting and embracing these market dynamics. We have developed a comprehensive suite of offerings to accelerate and optimize this transformation for our customers, ranging from digitizing entire banks to facilitating partnerships between financial institutions, FinTechs and Alt-FIs.

We offer our solutions to most of our customers using a software-as-a-service, or SaaS, model under which our customers pay subscription fees for the use of our solutions. Our digital banking platform customers have numerous End Users, and those End Users can represent one or more account holders registered to use one or more of our solutions on our digital banking platform. We generally price our digital banking platform solutions based on the number of solutions purchased by our customers and the number of Registered Users, as defined in "Key Operating Measures" below, or commercial account holders utilizing our solutions. We generally earn additional revenues from our digital banking platform customers based on the number of End Users on our solutions, the number of transactions that End Users perform on our solutions and the excess number of users and transactions above what is included in our standard subscription fee. As a result, digital banking platform revenues generally increase as our customers buy more solutions from us and increase the number of Registered Users and companies utilizing our solutions and as those retail users and companies increase their number of transactions on our solutions. Our risk and fraud solutions can be sold as part of, or alongside, our digital banking platform, while some solutions may be sold on a standalone basis and are generally monetized through subscription-based arrangements recognized over the term of the applicable customer agreements. The structure and terms of our digital lending and relationship pricing arrangements vary but generally are also sold on a subscription basis through our direct sales organization, and the related revenues are recognized over the terms of the customer agreements. The structure and terms of our Helix arrangements with FinTechs vary but typically involve relatively lower contracted minimum revenues and instead emphasize usage-based revenue, with such revenue recognized as it is incurred. This combination of subscription-based and usage-based revenue models aligns pricing with customer adoption and platform utilization.

We believe we have the opportunity to continue to grow our business and that the investments we are making are positioning us to continue to realize revenue growth and improve our operating efficiencies. These investments will increase our costs on an absolute dollar basis, but the timing and amount of these investments will vary based on the rate at which we expect to add new customers, the implementation and support needs of our customers, our software development plans, our technology and physical infrastructure requirements and the internal needs of our organization. Many of these investments will occur in advance of any associated benefit. If we are successful in growing our revenues by selling additional innovative solutions to existing customers and creating deeper End-User engagement, we anticipate that greater economies of scale and increased operating leverage will improve our margins over the long term.

We primarily sell our solutions through our direct sales organization. While the financial institution market is well-defined due to the regulatory classification of financial institutions, the markets for FinTechs and other financial services providers are broader and more difficult to define due to the changing number of providers in each market. Over the long term, we intend to continue to invest in additional sales representatives to identify and address opportunities in the financial institution, FinTech and Alt-FI markets and to increase our number of sales support and marketing personnel, as well as our investment in marketing initiatives designed to increase awareness of our solutions and generate new customer opportunities.

We have continuously invested in expanding and improving our digital banking platform since we introduced it in 2005. We intend to continue investing organically and to selectively pursue acquisitions of and strategic investments in technologies that will strengthen and expand the features and functionality of our solutions and provide access to new customers and markets. We have also acquired or developed new solutions and additional functionality that serve a broader range of needs of financial institutions as well as the needs of FinTechs and Alt-FIs. Our portfolio of digital solutions includes a comprehensive suite of offerings for retail, SMB and commercial banking, onboarding, regulatory and compliance, risk and fraud, digital lending and relationship pricing, open platform solutions, BaaS, account switching and data-driven sales enablement, spending insights and portfolio management solutions, among others. Q2 Innovation Studio, an application program interface, or API, and software development kit, or SDK, based open technology platform, allows our financial institution customers and other partners to develop unique extensions of and integrations to our digital banking platform, allowing financial institutions to quickly and easily deploy customized experiences and the latest financial services expected by End Users. We believe our portfolio, which reflects years of strategic development and innovation, affords us a distinct competitive advantage across multiple market segments.

We believe that financial services providers are best served by a broad portfolio of digital solutions offering rapid, flexible and comprehensive integration with internal and third-party solutions enabling them to deliver modern, intuitive, advanced and regulatory-compliant digital solutions. We also believe our unique position in the market stems from the breadth and depth of our solution offerings and customer base, our open and flexible platform approach, our position as a leading provider of digital banking solutions to a large network of financial institutions, and our expertise in delivering new, advanced, innovative digital solutions designed for the regulated financial services industry. These strengths allow us to address the evolving needs and challenges within the financial services industry, as we continually innovate and adapt our offerings to meet the changing demands of our customers and their End Users. We intend to continue to make investments in technology innovation and software development to enhance our existing solutions and platforms while expanding our product portfolio.

As our business grows, we intend to continue to invest in and grow our services and delivery organization to support our customers' needs, help them through their digital transformation, deliver our solutions in a timely and effective manner and maintain our strong reputation. We believe that delivery of consistent, high-quality customer support is a significant driver of purchasing and renewal decisions of our prospects and customers. To develop and maintain a reputation for high-quality service, we seek to build deep relationships with our customers through our customer service organization, which we staff with personnel who are motivated by our common mission of using technology to help our customers succeed and who are knowledgeable with respect to the regulated and complex nature of the financial services industry.

Repurchase Program

In October 2025, our Board of Directors authorized a share repurchase program that authorized the Company to repurchase up to $150.0 million of our common stock, which authorized repurchases were completed in full as of September 30, 2026. In July 2026, our Board of Directors authorized up to an additional $350.0 million of repurchases of our common stock under our share repurchase program, collectively with the prior authorization, the Repurchase Program. The Repurchase Program permits shares of common stock to be repurchased from time to time at management's discretion, through open market purchases or privately negotiated transactions, including accelerated share repurchase transactions, block trades or pursuant to Rule 10b5-1 trading plans. The timing and number of shares of common stock repurchased will depend on a variety of factors, including but not limited to the market price of the Company's common stock, general business and market conditions, alternative investment opportunities and funding considerations. The Repurchase Program does not obligate us to repurchase any specific number or dollar amount of shares, and the authorization has no expiration date. The Repurchase Program may be modified, suspended or terminated by our Board of Directors at any time.

Key Operating Measures

In addition to the U.S. generally accepted accounting principles, or GAAP, measures described below in "Components of Operating Results," we monitor the following operating measures to evaluate growth trends, plan investments and measure the effectiveness of our sales and marketing efforts.

Customer Accounts

We track Customer Accounts across key solutions to provide insight into the scale, breadth and mix of our contractual customer relationships across our portfolio of solutions. A Customer Account represents an organization or business entity with a contractual commitment for a specific Q2 solution, whether or not that solution is live, as of the last day of the reporting period presented. Because many customers have contractual commitments for multiple solutions, a single customer may be represented across multiple offerings, and as a result, Customer Accounts by solution overlap and do not represent unique customers when aggregated. Customer Account totals are presented as approximate figures, rounded to the nearest increment of 50, due to the complexity of multi-solution customer relationships and overlapping contractual arrangements. These figures are intended to provide directional insight into the breadth and mix of our customer relationships rather than precise customer counts. Customer Account levels may vary over time based on the timing of new customer agreements, expansion of existing customer relationships into additional solutions, customer attrition and consolidation activity among our customers. In particular, merger and acquisition activity within our customer base may result in a reduction in the number of Customer Accounts for certain solutions, including in cases where we continue to serve the combined organization and retain the underlying contractual relationships, End Users, and associated revenues. As of December 31, 2025, we had the following approximate Customer Account totals across our key solutions (rounded to the nearest increment of 50), reflecting solution-specific contractual relationships that may include multiple Customer Accounts associated with a single customer:

- 500 Digital Banking Customer Accounts, including:
    - 450 utilizing Consumer Digital Banking functionality
    - 300 utilizing Commercial Digital Banking functionality

  - 50 utilizing SMB Digital Banking functionality
- 850 Risk & Fraud Customer Accounts
- 150 Relationship Pricing Customer Accounts
- 100 Digital Lending Customer Accounts
- 50 Helix Customer Accounts

Registered Users

We define a Registered User as an individual associated with an account holder of a customer with an active consumer digital banking solution who has registered to use one or more of our digital banking solutions and has current access to use those solutions as of the last day of the reporting period presented. Growth in Registered Users is driven by expansion within existing customer relationships, increased adoption of digital banking services by End Users and the addition of new customers. Over time, we expect the number of Registered Users to grow at a faster rate than the number of related Customer Accounts as customers increase penetration across their user bases, although growth may fluctuate from period to period. Our customers had approximately 27.3 million, 24.7 million and 22.0 million Registered Users as of December 31, 2025, 2024 and 2023, respectively. Registered Users as of September 30, 2026 were 28.5 million compared to 27.0 million as of September 30, 2025.

Net Revenue Retention Rate

We believe that our ability to retain our customers and expand their use of our products and services over time is an indicator of the stability of our revenue base and the long-term value of our customer relationships. One of the ways we assess our performance in this area is through our net revenue retention rate and subscription net revenue retention rate, which we refer to collectively as our net revenue retention rates. We calculate our net revenue retention rate as the total revenues in a calendar year, excluding any revenues from acquired customers during such year, from customers who were implemented on any of our solutions as of December 31 of the prior year, expressed as a percentage of the total revenues during the prior year from the same group of customers. Similarly, we calculate our subscription net revenue retention rate as total subscription revenues in a calendar year from customers who were implemented on any of our solutions as of December 31 of the prior year, expressed as a percentage of total subscription revenues for the prior year from the same group of customers. Our net revenue retention rates provide insight into the impact on current year revenues of: the number of new customers implemented on any of our solutions during the prior year; the timing of our implementation of those new customers in the prior year; growth in the number of End Users on such solutions and changes in their usage of such solutions; and sales of new products and services to our existing customers during the current year, excluding any products or services resulting from businesses acquired during such year and customer attrition. The most significant drivers of changes in our net revenue retention rates each year have historically been the number of new customers in the prior year and the timing of our implementation of those new customers. The timing of our implementation of new customers in the prior year is significant because we do not start recognizing revenues from new customers until they are implemented. As an example, if implementations are weighted more heavily in the first or second half of the prior year, both our net revenue retention rate and subscription net revenue retention rate will be lower or higher, respectively, in the subsequent year. Our use of net revenue retention rate and subscription net revenue retention rate have limitations as analytical tools, and investors should not consider them in isolation. Other companies in our industry may calculate net revenue retention rates differently, which reduces their usefulness as a comparative measure. Our net revenue retention rate was 113%, 109% and 108% for the years ended December 31, 2025, 2024 and 2023, respectively, and our subscription net revenue retention rate was 115%, 114% and 112% for the years ended December 31, 2025, 2024 and 2023, respectively.

Annualized Recurring Revenue

We believe Subscription Annual Recurring Revenue, or Subscription ARR, and Total Annual Recurring Revenue, or Total ARR, provide important information about our future revenue potential and our ability to maintain and expand our relationship with existing clients. We calculate Subscription ARR as the annualized value of all recurring subscription revenue recognized in the last month of the reporting period, with the exception of variable revenue in excess of contracted amounts for which we instead take the average monthly run rate of the trailing three months within that reporting period. Our Subscription ARR also includes the contracted minimum subscription amounts associated with all contracts in place at the end of the quarter for which revenue recognition has not yet commenced. Subscription revenues are defined within "Critical Accounting Policies and Significant Judgments and Estimates" in our Form 10-K. We calculate Total ARR as the annualized value of all recurring revenue recognized in the last month of the reporting period, with the exception of variable revenue in excess of contracted amounts for which we instead take the average monthly run rate of the trailing three months within that reporting period. Our Total ARR also includes the contracted minimums associated with all contracts in place at the end of the quarter for which revenue recognition has not yet commenced, and revenue generated from Integrated Services. Integrated Services revenue is

generated from select established customer relationships where we have engaged with the customer for more tailored, premium professional services resulting in a deeper and ongoing level of engagement with them, which we deem to be recurring in nature. Total ARR does not include revenue from professional services or other sources of revenue that are not deemed to be recurring in nature. Subscription and Total ARR are not a forecast of future revenue, which can be impacted by contract start and end dates and renewal rates. Subscription and Total ARR should be viewed independently of revenue and deferred revenue as Subscription and Total ARR are operating metrics and are not intended to be combined with or replace these items. Our use of Subscription and Total ARR has limitations as an analytical tool, and investors should not consider it in isolation. Other companies in our industry may calculate Subscription ARR and Total ARR differently, which reduces their usefulness as comparative measures.

Our Subscription ARR was $780.1 million, $681.9 million and $593.9 million for the years ended December 31, 2025, 2024 and 2023, respectively. Subscription ARR as of September 30, 2026 was $846.0 million compared to $745.4 million as of September 30, 2025. Our Total ARR was $921.4 million, $824.2 million and $734.8 million for the years ended December 31, 2025, 2024 and 2023, respectively. Total ARR as of September 30, 2026 was $988.6 million compared to $888.4 million as of September 30, 2025.

Revenue Churn

We utilize revenue churn to monitor the satisfaction of our customers and evaluate the effectiveness of our business solutions and strategies. We define revenue churn as the amount of any monthly recurring revenue losses due to customer cancellations and downgrades, net of upgrades and replacements of existing solutions, during a year, divided by our monthly recurring revenue at the end of the prior year. Cancellations refer to customers that have either stopped using our services completely or remained a customer but terminated a particular service. Downgrades are a result of customers taking less of a particular service or renewing their contract for identical services at a lower price. We had annual revenue churn of 5.2%, 4.4% and 6.1% for the years ended December 31, 2025, 2024 and 2023, respectively. Our use of revenue churn has limitations as an analytical tool, and investors should not consider it in isolation. Other companies in our industry may calculate revenue churn differently, which reduces its usefulness as a comparative measure.

Non-GAAP Financial Measures

In addition to financial measures prepared in accordance with GAAP, we use certain non-GAAP financial measures to clarify and enhance our understanding, and aid in the period-to-period comparison, of our performance. We believe that these non-GAAP financial measures provide supplemental information that is meaningful when assessing our operating performance because they exclude the impact of certain categories that our management and board of directors do not consider part of core operating results when assessing our operational performance, allocating resources, preparing annual budgets and determining compensation. Accordingly, these non-GAAP financial measures may provide insight to investors into the motivation and decision-making of management in operating the business. Set forth in the tables below are the corresponding GAAP financial measures for each non-GAAP financial measure. Investors are encouraged to review the reconciliation of each of these non-GAAP financial measures to its most comparable GAAP financial measure included below. While we believe that these non-GAAP financial measures provide useful supplemental information, non-GAAP financial measures have limitations and should not be considered in isolation from, or as a substitute for, their most comparable GAAP measures. These non-GAAP financial measures are not prepared in accordance with GAAP, do not reflect a comprehensive system of accounting and may not be comparable to similarly titled measures of other companies due to potential differences in their financing and accounting methods, the book value of their assets, their capital structures, the method by which their assets were acquired and the manner in which they define non-GAAP measures. Items such as stock-based compensation, transaction-related costs, amortization of acquired technology, amortization of acquired intangible assets, lease and other restructuring charges and non-recurring legal settlements can have a material impact on our GAAP financial results.

Non-GAAP Operating Income

We provide non-GAAP operating income that excludes such items as stock-based compensation, transaction-related costs, amortization of acquired technology, amortization of acquired intangible assets, lease and other restructuring charges and non-recurring legal settlements. We believe excluding these items is useful for the following reasons:

- *Stock-based compensation*. We provide non-GAAP information that excludes expenses related to stock-based compensation. We believe that the exclusion of stock-based compensation expense provides for a better comparison of our operating results to prior periods and to our peer companies as the calculations of stock-based compensation vary from period to period and company to company due to different valuation methodologies, subjective assumptions and the variety of award types. Because of these unique characteristics of stock-based compensation, we exclude these expenses when analyzing the organization's business performance.

- *Transaction-related costs*. We exclude certain expense items resulting from our evaluation and completion of merger, acquisition, divestiture and corporate transaction opportunities, such as related legal, accounting and consulting fees and retention expense. We consider these adjustments, to some extent, to be unpredictable and dependent on a significant number of factors that are outside of our control. Furthermore, transaction-related activities result in operating expenses that would not otherwise have been incurred by us in the normal course of our organic business operations. We believe that providing these non-GAAP measures that exclude transaction-related costs allows users of our financial statements to better review and understand the historical and current results of our continuing operations, and also facilitates comparisons to our historical results and results of less acquisitive peer companies, both with and without such adjustments.

- *Amortization of acquired technology and intangible assets*. We provide non-GAAP information that excludes expenses related to purchased technology and intangible assets associated with our acquisitions. We believe that eliminating these expenses from our non-GAAP measures is useful to investors, because the amortization of acquired technology and intangible assets can be inconsistent in amount and frequency and significantly impacted by the timing and magnitude of our acquisition transactions, which also vary in frequency from period to period. Accordingly, we analyze the performance of our operations in each period, both with and without such expenses.

- *Lease and other restructuring charges*. We provide non-GAAP information that excludes restructuring charges related to the estimated costs of exiting and terminating facility lease commitments, partially offset by anticipated sublease income, and any related impairments of the right of use assets as they relate to corporate restructuring and exit activities. It also excludes severance cash payouts and other related compensation associated with restructuring, departure of executive officers or eliminating certain positions in connection with initiatives intended to align our resources to the portions of our business that we believe will drive the most long-term value. These charges are inconsistent in amount and are significantly impacted by the timing and nature of these events. Therefore, although we may incur these types of expenses in the future, we believe that eliminating these charges for purposes of calculating the non-GAAP financial measures facilitates a more meaningful evaluation of our operating performance and comparisons to our past operating performance.

- *Non-recurring legal settlements.* We exclude certain legal settlement costs that we deem not to be in the ordinary course of our business operations ("non-recurring legal settlements"). In March 2025, we entered into a settlement agreement to settle a dispute with a former commercial real estate broker related to commissions for the lease of our current headquarters, pursuant to which we paid $1.8 million to settle the matter in full. We believe excluding this amount from our non-GAAP financial measures provides meaningful insight and allows users of our financial statements to better review and understand the historical and current results of our continuing operations, and also facilitates comparisons to our historical results and results to peer companies, both with and without such adjustments.

The following table presents a reconciliation of GAAP operating income to non-GAAP operating income for each of the periods indicated (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
GAAP operating income	$ 33,958	$ 11,004	$ 90,988	$ 23,033
Stock-based compensation	19,983	23,257	60,806	66,767
Transaction-related costs	—	—	270	—
Amortization of acquired technology	4,347	5,503	13,043	16,512
Amortization of acquired intangibles	—	—	—	93
Lease and other restructuring charges	1,352	946	2,585	3,008
Non-recurring legal settlements	—	—	—	1,750
Non-GAAP operating income	$ 59,640	$ 40,710	$ 167,692	$ 111,163

Adjusted EBITDA

We define adjusted EBITDA as net income before stock-based compensation, transaction-related costs, depreciation and amortization, lease and other restructuring charges, non-recurring legal settlements, provision for income taxes and interest and other income, net. We believe that adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results for the following reasons:

- adjusted EBITDA is widely used by investors and securities analysts to measure a company's operating performance with and without regard to items that can vary substantially from company to company depending upon their financing, capital structures and the method by which assets were acquired;

- our management uses adjusted EBITDA in conjunction with GAAP financial measures for planning purposes, in the preparation of our annual operating budget, as a measure of our operating performance, to assess the effectiveness of our business strategies and to communicate with our board of directors concerning our financial performance;
- adjusted EBITDA provides more consistency and comparability with our past financial performance, facilitates period-to-period comparisons of our operations and also facilitates comparisons with other companies, many of which use similar non-GAAP financial measures to supplement their GAAP results; and
- our investor and analyst presentations include adjusted EBITDA as a supplemental measure of our overall operating performance.

Adjusted EBITDA should not be considered as an alternative to net income or any other measure of financial performance calculated and presented in accordance with GAAP. The use of adjusted EBITDA as an analytical tool has limitations such as:

- depreciation and amortization are non-cash charges, and the assets being depreciated or amortized will often have to be replaced in the future and adjusted EBITDA does not reflect cash requirements for such replacements;
- adjusted EBITDA may not reflect changes in, or cash requirements for, our working capital needs or contractual commitments;
- adjusted EBITDA does not reflect the potentially dilutive impact of stock-based compensation;
- adjusted EBITDA does not reflect interest or tax payments that could reduce cash available for use; and
- other companies, including companies in our industry, might calculate adjusted EBITDA or similarly titled measures differently, which reduces their usefulness as comparative measures.

Because of these and other limitations, investors and others should consider adjusted EBITDA together with our GAAP financial measures including cash flow from operations and net income. The following table presents a reconciliation of net income to adjusted EBITDA for each of the periods indicated (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Reconciliation of net income to adjusted EBITDA:				
Net income	$ 33,220	$ 15,048	$ 89,717	$ 31,565
Stock-based compensation	19,983	23,257	60,806	66,767
Transaction-related costs	—	—	270	—
Depreciation and amortization	12,472	13,613	36,274	40,888
Lease and other restructuring charges	1,352	946	2,585	3,008
Non-recurring legal settlements	—	—	—	1,750
Provision for income taxes	1,111	160	6,084	2,380
Interest and other income, net	(375)	(4,206)	(5,153)	(11,032)
Adjusted EBITDA	$ 67,763	$ 48,818	$ 190,583	$ 135,326

Components of Operating Results

Revenues

Revenue-generating activities directly relate to the sale, implementation and support of our solutions within a single operating segment. We derive the majority of our revenues from subscription fees for the use of our hosted solutions, transactional revenue from bill-pay solutions and remote deposit products, revenues for professional services and implementation services related to our solutions and certain third-party related pass-through fees. We recognize the corresponding revenues over time on a ratable basis over the customer agreement term or as incurred based on the nature of the revenue. A small portion of our revenues are derived from customers which host and manage our solutions on-premises or in third-party data centers under term license and maintenance agreements. For these customers, we recognize software license revenue once the customer obtains control of the license, which generally occurs at the start of each license term, and recognize the remaining arrangement consideration for maintenance revenue over time on a ratable basis over the term of the software license.

Subscription fees are based on the number of solutions purchased by our customers, the number of End Users using the solutions and other usage fees those users generate by using our solutions in excess of the levels included in our standard subscription fee. Subscription fees are billed monthly, quarterly or annually and are recognized monthly over the term of our customer agreements. The initial term of our digital banking platform agreements averages over five years, although it varies by customer. The structure and terms of our digital lending and relationship pricing arrangements vary but generally are also sold on a subscription basis through our direct sales organization, and the related revenues are recognized over the terms of the customer agreements. The structure and terms of our Helix arrangements with FinTechs vary but typically involve relatively lower contracted minimum revenues and instead emphasize usage-based revenue, with such revenue recognized as it is incurred. This combination of subscription-based and usage-based revenue models aligns pricing with customer adoption and platform utilization. We begin recognizing subscription fees when the control of the service transfers to the customer, generally when the solution is implemented and made available to the customer. We recognize revenue for debit card and bill-pay related transaction services when End Users utilize debit card services integrated within our Helix and other payment-service solutions in the month incurred based on actual or estimated transactions. The timing of our implementations varies period-to-period based on our implementation capacity, the number of solutions purchased by our customers, the size and unique needs of our customers and the readiness of our customers to implement our solutions. We typically recognize any related implementation services revenues ratably over the initial customer agreement term beginning on the date we commence recognizing subscription fees. Contract asset balances arise primarily when we provide services in advance of billing for those services. Amounts that have been invoiced are recorded in accounts receivable, and in revenues or deferred revenues, depending on when control of the service transfers to the customer.

Cost of Revenues

Cost of revenues is comprised primarily of salaries and other personnel-related costs, including employee benefits, bonuses and stock-based compensation, for employees providing services to our customers. This includes the costs of our personnel performing implementations and customer support. Cost of revenues also includes third-party public cloud service providers, the direct costs of bill-pay and other third-party intellectual property included in our solutions, amortization of deferred solution and services costs, amortization of certain software development costs, debit card related pass-through fees, an allocation of general overhead costs, including access to AI-powered productivity and development tools for our employees, the amortization of acquired technology intangibles, referral fees, co-location facility costs and depreciation of our data center assets. We allocate general overhead expenses to all departments based on the number of employees in each department, which we consider to be a fair and representative means of allocation.

We capitalize certain personnel costs directly related to the implementation of our solutions to the extent those costs are recoverable from future revenues. We amortize the capitalized implementation costs once revenue recognition commences, and we amortize those implementation costs to cost of revenues over the expected period of customer benefit, which has been determined to be the estimated life of the technology. Other costs not directly recoverable from future revenues are expensed in the period incurred.

We capitalize certain software development costs for those employees who are directly associated with and who devote time to developing our software solutions on an individual product basis, including those related to programmers, software engineers and quality control teams. Software development costs are amortized to cost of revenues when products and enhancements are released or made available over the products' estimated economic lives.

Operating Expenses

Operating expenses primarily consist of sales and marketing, research and development and general and administrative expenses. They also include costs related to our acquisitions and the resulting amortization of acquired intangible assets from those acquisitions. Over the long term, we intend to continue to hire new employees and make other investments to support our anticipated growth, including access to AI-powered productivity and development tools for our employees, and as a result, we expect our operating expenses to increase in absolute dollars but to decrease as a percentage of revenues over the long term as we grow our business.

Sales and Marketing

Sales and marketing expenses consist primarily of salaries and other personnel-related costs, including commissions, employee benefits, bonuses and stock-based compensation. Sales and marketing expenses also include expenses related to advertising, lead generation, promotional events, corporate communications, travel and allocated overhead.

Research and Development

We believe that continuing to improve and enhance our solutions is essential to maintaining our reputation for innovation and growing our customer base and revenues. Research and development expenses include salaries and personnel-related costs, including employee benefits, bonuses and stock-based compensation, third-party contractor expenses, software development costs, allocated overhead and other related expenses incurred in developing new solutions and enhancing existing solutions.

Certain research and development costs that are related to our software development, which include salaries and other personnel-related costs, comprised of employee benefits, stock-based compensation and bonuses attributed to programmers, software engineers and quality control teams working on our software solutions, are capitalized and included in intangible assets, net on the condensed consolidated balance sheets.

General and Administrative

General and administrative expenses consist primarily of salaries and other personnel-related costs, including employee benefits, bonuses and stock-based compensation, of our administrative, finance and accounting, information systems, compliance and security, legal, human resources employees and the majority of our executive team. General and administrative expenses also include consulting and professional fees, travel and other corporate expenses to comply with regulations governing public companies and financial institutions.

Transaction-Related Costs

Transaction-related costs include various legal and professional service expenses incurred in connection with mergers, acquisitions, divestitures and other corporate transactions, which are recognized when incurred.

Lease and Other Restructuring Charges

Lease and other restructuring charges include costs related to the early vacating of certain facilities, any related impairment of the right of use assets and ongoing expenses of other vacated facilities, partially offset by anticipated sublease income from the associated facilities. It also includes severance cash payouts and other related compensation associated with restructuring, departure of executive officers or eliminating certain positions in connection with initiatives intended to align our resources to the portions of our business that we believe will drive the most long-term value.

Total Other Income, Net

Total other income, net, consists primarily of interest income and expense, other non-operating income and expense, loss on disposal of long-lived assets, foreign currency translation adjustment and gain on extinguishment of debt. We earn interest income on our cash, cash equivalents and investments. Interest expense consists primarily of the interest from the amortization of debt issuance costs, coupon interest attributable to our convertible notes, commitment fees and interest associated with our Revolving Credit Agreement, as well as fees and interest associated with the letter of credit issued to our landlord for the security deposit for our corporate headquarters.

Provision for Income Taxes

Our income tax expenses and benefits consist primarily of federal, state, and international current and deferred income tax expense from global operations.

Results of Operations

The following table sets forth our condensed results of operations data for each of the periods indicated (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenues	$ 225,771	$ 201,704	$ 662,042	$ 586,587
Cost of revenues[1]	90,928	92,859	269,085	272,188
Gross profit	134,843	108,845	392,957	314,399
Operating expenses:				
Sales and marketing	24,536	26,401	76,200	79,965
Research and development	41,356	38,932	124,351	113,699
General and administrative	33,641	31,705	98,896	95,061
Transaction-related costs	—	—	270	—
Amortization of acquired intangibles	—	—	—	93
Lease and other restructuring charges	1,352	803	2,252	2,548
Total operating expenses	100,885	97,841	301,969	291,366
Income from operations	33,958	11,004	90,988	23,033
Total other income, net	373	4,204	4,813	10,912
Income before income taxes	34,331	15,208	95,801	33,945
Provision for income taxes	(1,111)	(160)	(6,084)	(2,380)
Net income	$ 33,220	$ 15,048	$ 89,717	$ 31,565

[1] Includes amortization of acquired technology of $4.3 million and $5.5 million for the three months ended September 30, 2026 and 2025, respectively, and $13.0 million and $16.5 million for the nine months ended September 30, 2026 and 2025, respectively.

The following table sets forth our condensed consolidated statements of operations data as a percentage of revenues for each of the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenues	100.0 %	100.0 %	100.0 %	100.0 %
Cost of revenues[1]	40.3	46.0	40.6	46.4
Gross margin	59.7	54.0	59.4	53.6
Operating expenses:				
Sales and marketing	10.9	13.1	11.5	13.6
Research and development	18.3	19.3	18.8	19.4
General and administrative	14.9	15.7	14.9	16.2
Transaction-related costs	—	—	—	—
Amortization of acquired intangibles	—	—	—	—
Lease and other restructuring charges	0.6	0.4	0.3	0.4
Total operating expenses	44.7	48.5	45.6	49.7
Income from operations	15.0	5.5	13.7	3.9
Total other income, net	0.2	2.1	0.7	1.9
Income before income taxes	15.2	7.5	14.5	5.8
Provision for income taxes	(0.5)	(0.1)	(0.9)	(0.4)
Net income	14.7 %	7.5 %	13.6 %	5.4 %

[1] Includes amortization of acquired technology of 1.9% and 2.7% for the three months ended September 30, 2026 and 2025, respectively, and 2.0% and 2.8% for the nine months ended September 30, 2026 and 2025, respectively.

Due to rounding, totals may not equal the sum of the line items in the tables above.

Comparison of the Three and Nine Months Ended September 30, 2026 and 2025

Revenues

The following table presents our revenues for each of the periods indicated (dollars in thousands):

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2026	2025	$	(%)	2026	2025	$	(%)
Revenues	$ 225,771	$ 201,704	$ 24,067	11.9 %	$ 662,042	$ 586,587	$ 75,455	12.9 %

During the three months ended September 30, 2026, the increase in revenues was primarily attributable to a $22.9 million increase in subscription revenue from the sale of additional solutions to new and existing customers and growth in expansions with existing customers and a $1.0 million increase in services and other revenue.

During the nine months ended September 30, 2026, the increase in revenues was primarily attributable to a $72.9 million increase in subscription revenue from the sale of additional solutions to new and existing customers and growth in expansions with existing customers, a $2.0 million increase in services and other revenue and a $0.6 million increase in transactional revenue.

We have observed improved subscription bookings and associated revenue primarily from our digital banking solutions from both initial bookings with new customers and expansions with existing customers. For the three and nine months ended September 30, 2026, our subscription revenue growth was 14% and 15%, respectively, as compared to the prior year period, and we expect subscription revenue will continue to increase as a percentage of total revenue.

Cost of Revenues

The following table presents our cost of revenues for each of the periods indicated (dollars in thousands):

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2026	2025	$	(%)	2026	2025	$	(%)
Cost of revenues	$ 90,928	$ 92,859	$ (1,931)	(2.1)%	$ 269,085	$ 272,188	$ (3,103)	(1.1)%
Percentage of revenues	40.3 %	46.0 %			40.6 %	46.4 %		

During the three months ended September 30, 2026, the decrease in cost of revenues was primarily attributable to a $1.8 million net decrease in hosting and third-party public cloud related costs and a $1.5 million decrease in depreciation of our data center assets, both of which resulted from our migration to third-party public cloud service providers. Additionally, we had a $1.2 million decrease in amortization of acquired technology that was fully amortized during the prior year and a $0.6 million decrease as a result of higher capitalized implementation costs, partially offset by a $1.5 million increase from the amortization of capitalized software development and capitalized implementation services, a $0.8 million net increase in third-party costs related to intellectual property included in our solutions and transaction processing costs, a $0.5 million increase in software, including AI-related usage costs and a $0.4 million increase in allocated overhead costs, which includes facilities costs.

During the nine months ended September 30, 2026, the decrease in cost of revenues was primarily attributable to a $5.3 million decrease in depreciation of our data center assets resulting from our migration to third-party public cloud service providers, a $3.6 million decrease as a result of higher capitalized implementation costs, a $3.5 million decrease in amortization of acquired technology that was fully amortized during the prior year and a $0.4 million net decrease in other discretionary expenses, partially offset by a $4.7 million increase from the amortization of capitalized software development and capitalized implementation services, a $2.0 million net increase in hosting and third-party public cloud related costs, a $1.1 million net increase in third-party costs related to intellectual property included in our solutions and transaction processing costs, a $1.1 million increase in software, including AI-related usage costs and a $0.9 million increase in allocated overhead, which includes facilities cost.

We intend to continue to invest in our implementation and customer support teams and third-party partners for intellectual property and transactional processing in our solutions and technology infrastructure to standardize our business processes and drive future efficiency in our implementations, serve our customers and support our growth. We recently completed migration of the computing, storage and processing of our digital banking platform solutions from our third-party data centers to third-party public cloud service providers. Although cost of revenues may fluctuate on a near-term basis, we expect third-party public cloud service provider costs and other similar investments over the long term to increase cost of revenues in absolute dollars as we grow our business, and we expect such expenses to decline as a percentage of revenue, based on cost efficiencies realized in the business, the level and timing of implementation support activities, timing of capitalized software development costs, debit card related pass-through fees and other related costs.

Operating Expenses

The following tables present our operating expenses for each of the periods indicated (dollars in thousands):

Sales and Marketing

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2026	2025	$	(%)	2026	2025	$	(%)
Sales and marketing	$ 24,536	$ 26,401	$ (1,865)	(7.1)%	$ 76,200	$ 79,965	$ (3,765)	(4.7)%
Percentage of revenues	10.9 %	13.1 %			11.5 %	13.6 %		

During the three months ended September 30, 2026, the decrease in sales and marketing was primarily attributable to a $2.2 million decrease in personnel costs, largely from stock-based compensation, partially offset by a $0.2 million increase in software, including AI-related usage costs and a $0.2 million increase in allocated overhead, which includes facilities costs.

During the nine months ended September 30, 2026, the decrease in sales and marketing was primarily attributable to a $4.4 million decrease in personnel costs, largely from stock-based compensation and a $0.5 million decrease in other discretionary expenses, partially offset by a $0.6 million increase in allocated overhead, which includes facilities costs and a $0.5 million increase in software, including AI-related usage costs.

Sales and marketing expenses as a percentage of total revenues may change in any given period based on factors such as the addition of newly hired sales professionals, the timing of significant marketing events such as our annual in-person client conference, which we typically hold during the second quarter of each year, and the amount of sales commissions expense amortized. Commissions are generally capitalized and then amortized over the expected period of customer benefit. We anticipate that sales and marketing expenses will increase in absolute dollars in the long term as we continue to support our revenue growth and increase marketing spend to attract new customers, retain and grow business with existing customers, build brand awareness, and as we continue to hold various experiences for our current and prospective customers. While sales and marketing expenses as a percentage of revenue may fluctuate on a near-term basis, we expect such expenses to decline as a percentage of our revenues over the long term as our revenues grow and we realize cost efficiencies in the business.

Research and Development

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2026	2025	$	(%)	2026	2025	$	(%)
Research and development	$ 41,356	$ 38,932	$ 2,424	6.2 %	$ 124,351	$ 113,699	$ 10,652	9.4 %
Percentage of revenues	18.3 %	19.3 %			18.8 %	19.4 %		

During the three months ended September 30, 2026, the increase in research and development was primarily attributable to a $2.8 million increase in personnel costs as a result of the growth in our research and development organization to support continued enhancements to our solutions, a $1.7 million increase in software, including AI-related usage costs and a $0.4 million increase in allocated overhead costs, which includes facilities costs, partially offset by a $2.1 million decrease from higher capitalization of software development costs and a $0.4 million decrease due to an impairment loss in the prior year related to capitalized software development costs from certain software assets that are no longer expected to be recoverable.

During the nine months ended September 30, 2026, the increase in research and development was primarily attributable to a $10.9 million increase in personnel costs as a result of the growth in our research and development organization to support continued enhancements to our solutions, a $4.0 million increase in software, including AI-related usage costs and a $1.3 million increase in allocated overhead costs, which includes facilities costs, partially offset by a $5.1 million decrease from higher capitalization of software development costs and a $0.4 million decrease due to an impairment loss in the prior year related to capitalized software development costs from certain software assets that are no longer expected to be recoverable.

We intend to continue our investments in our software development teams and the associated technology, including AI-related usage, in order to serve our customers and support our growth. We anticipate that research and development expenses will increase in absolute dollars in the future as we continue to support and expand our platform and enhance our existing solutions, as we believe existing customers will have an increased focus on maintaining and improving their digital offerings. While research and development expenses as a percentage of revenue may fluctuate on a near-term basis, we expect such expenses to decline as a percentage of our revenues over the long term as our revenues grow and we realize cost efficiencies in the business.

General and Administrative

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2026	2025	$	(%)	2026	2025	$	(%)
General and administrative	$ 33,641	$ 31,705	$ 1,936	6.1 %	$ 98,896	$ 95,061	$ 3,835	4.0 %
Percentage of revenues	14.9 %	15.7 %			14.9 %	16.2 %		

During the three months ended September 30, 2026, the increase in general and administrative expenses was primarily attributable to a $0.8 million increase in personnel costs to support the growth of our business, a $0.5 million increase in software, including AI-related usage costs, a $0.4 million increase in professional services and a $0.2 million increase in allocated overhead costs, which includes facilities costs.

During the nine months ended September 30, 2026, the increase in general and administrative expenses was primarily attributable to a $2.2 million increase in personnel costs to support the growth of our business, a $1.6 million increase in professional services, a $1.1 million increase in software, including AI-related usage costs, a $0.4 million net increase in allocated overhead, which includes facilities costs and a $0.3 million net increase in other discretionary expenses, partially offset by a $1.8 million non-recurring legal settlement charge in the prior year related to certain litigation.

We expect to continue to incur incremental expenses associated with the growth of our business and compliance requirements associated with operating as a regulated, public company and serving customers in a highly regulated industry. Although general and administrative expenses may fluctuate on a near-term basis, over the long term, we anticipate that general and administrative expenses will continue to increase in absolute dollars as we continue to incur additional spending to ensure continued regulatory and SOX compliance. We expect such expenses to decline as a percentage of our revenues over the longer term as our revenues grow and we realize cost efficiencies in the business.

Transaction-Related Costs

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2026	2025	$	(%)	2026	2025	$	(%)
Transaction-related costs	$ —	$ —	$ —	— %	$ 270	$ —	$ 270	100.0 %
Percentage of revenues	— %	— %			— %	— %		

Transaction-related costs are related to various legal and professional expenses incurred in connection with mergers, acquisitions, divestitures and other corporate transactions.

Lease and Other Restructuring Charges

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2026	2025	$	(%)	2026	2025	$	(%)
Lease and other restructuring charges	$ 1,352	$ 803	$ 549	68.4 %	$ 2,252	$ 2,548	$ (296)	(11.6)%
Percentage of revenues	0.6 %	0.4 %			0.3 %	0.4 %		

During the three months ended September 30, 2026, the net increase in lease and other restructuring charges was primarily attributable to a $0.3 million increase in severance charges associated with restructuring or eliminating certain positions and a $0.2 million net increase related to updated assessments and ongoing expenses of previously vacated facilities.

During the nine months ended September 30, 2026, the net decrease in lease and other restructuring charges was primarily attributable to a reduction in severance charges associated with restructuring or eliminating certain positions.

Total Other Income, Net

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2026	2025	$	(%)	2026	2025	$	(%)
Total other income, net	$ 373	$ 4,204	$ (3,831)	(91.1)%	$ 4,813	$ 10,912	$ (6,099)	(55.9)%
Percentage of revenues	0.2 %	2.1 %			0.7 %	1.9 %		

During the three months ended September 30, 2026, the decrease in other income, net was primarily attributable to a $4.6 million decrease in interest income due to lower cash investible balances resulting from the repayment of our convertible notes at maturity, partially offset by a $1.1 million increase for decreased interest expense due to the maturities of our convertible notes.

During the nine months ended September 30, 2026, the decrease in other income, net was primarily attributable to an $8.3 million decrease in interest income due to lower cash investible balances resulting from the repayment of our convertible notes at maturity, partially offset by a $1.9 million increase for decreased interest expense due to the maturities of our convertible notes and a $0.8 million realized gain on the sale of fixed assets recognized during the current period.

Provision for Income Taxes

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2026	2025	$	(%)	2026	2025	$	(%)
Provision for income taxes	$ (1,111)	$ (160)	$ 951	594.4 %	$ (6,084)	$ (2,380)	$ 3,704	155.6 %
Percentage of revenues	(0.5)%	(0.1)%			(0.9)%	(0.4)%		

During the three months ended September 30, 2026, the increase in provision for income taxes was primarily driven by a $1.7 million increase in state income taxes, partially offset by a $0.4 million decrease in federal income taxes and a $0.3 million decrease in foreign income taxes.

During the nine months ended September 30, 2026, the increase in provision for income taxes was primarily driven by a $3.5 million increase in state income taxes and a $0.7 million increase in foreign income taxes, partially offset by a $0.5 million decrease in federal income taxes.

Seasonality and Quarterly Results

Our overall operating results fluctuate from quarter to quarter as a result of a variety of factors, including the timing of investments to grow our business. The timing of our implementation activities and corresponding revenues from new customers are subject to fluctuations based on the timing of our sales, which has historically tended to be lower in the first half of the year. The timing of our implementations also varies period-to-period based on our implementation capacity, the number of solutions purchased by our customers, the size and unique needs of our customers and the readiness of our customers to implement our solutions. General economic conditions and other global events may impact our business and our customers' spending patterns and budget cycles, and these conditions may disrupt any seasonality trends that may otherwise typically be inherent in our historical operating results. Our quarterly results of operations may vary significantly in the future and period-to-period comparisons of our operating results may not be meaningful and should not be relied upon as an indication of future results.

Liquidity and Capital Resources

Sources of Liquidity

As of September 30, 2026, our principal sources of liquidity were cash, cash equivalents and investments of $123.0 million. Based upon our current levels of operations, we believe that our cash flow from operations along with our other sources of liquidity, including our ability to access capital markets and available borrowings under our $125.0 million Revolving Credit Agreement, are adequate to meet our cash requirements for the next twelve months. We also believe that our longer-term working capital, planned capital expenditures, repurchases of common stock under the Repurchase Program and other general corporate funding requirements will be satisfied through cash flows from operations and, to the extent necessary, from our borrowing facility. However, if we determine a need for additional short-term or long-term liquidity, there is no assurance that such financing, if pursued, would be adequate or available on terms acceptable to us.

Cash Flows

The following table summarizes our cash flows for the periods indicated (in thousands):

	Nine Months Ended September 30,	
	2026	2025
Net cash provided by (used in):		
Operating activities	$ 181,656	$ 137,765
Investing activities	27,032	(28,340)
Financing activities	(459,259)	4,218
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(674)	96
Net increase (decrease) in cash, cash equivalents and restricted cash	$ (251,245)	$ 113,739

Cash Flows from Operating Activities

Our cash flows from operating activities are primarily influenced by net income less non-cash items, the amount and timing of customer receipts and vendor payments and by the amount of cash we invest in personnel and infrastructure to support the anticipated growth of our business and customer base.

For the nine months ended September 30, 2026, our net cash and cash equivalents provided by operating activities was $181.7 million, which consisted of net income of $89.7 million and non-cash adjustments of $118.9 million, partially offset by cash outflows from changes in operating assets and liabilities of $27.0 million. The primary drivers of cash outflows in operating assets and liabilities were a $42.6 million cash outflow resulting from an increase in accounts receivable, primarily due to the timing and collection of billings and a $29.6 million cash outflow resulting from a gross increase in deferred solution costs primarily from annual commission payments in the prior period and deferred implementation costs from both new customers and existing customer expansion. Cash outflows were partially offset by a $43.3 million cash inflow resulting from an increase in deferred revenue due to the timing of annual billings and deposits received from customers prior to the recognition of revenue from those related payments. Non-cash adjustments primarily consisted of stock-based compensation, depreciation and amortization and amortization of deferred implementation and deferred solution and other costs.

For the nine months ended September 30, 2025, our net cash and cash equivalents provided by operating activities was $137.8 million, which consisted of net income of $31.6 million and non-cash adjustments of $130.1 million, partially offset by cash outflows from changes in operating assets and liabilities of $23.9 million. The primary drivers of cash outflows in operating assets and liabilities were a $28.0 million cash outflow resulting from an increase in accounts receivable, primarily due to the timing of annual billings, a $26.1 million cash outflow resulting from a gross increase in deferred solution costs primarily from annual commission payments and deferred implementation costs from both new customers and existing customer expansions. Cash outflows were partially offset by a $33.9 million cash inflow resulting from an increase in deferred revenue due to the timing of annual billings and deposits received from customers prior to the recognition of revenue from those related payments. Non-cash adjustments primarily consisted of stock-based compensation, depreciation and amortization, amortization of deferred implementation and deferred solution and other costs and amortization of debt issuance costs, partially offset by amortization of premiums and discounts on investments and deferred income taxes.

Cash Flows from Investing Activities

Our investing activities have consisted primarily of purchases and maturities of investments, costs incurred for the development of capitalized software and purchases of property and equipment to support our growth.

For the nine months ended September 30, 2026, our net cash provided by investing activities was $27.0 million, primarily consisting of $58.7 million received from the maturities of investments, partially offset by $21.1 million for capitalized software development costs and $10.4 million for the purchase of property and equipment.

For the nine months ended September 30, 2025, our net cash used in investing activities was $28.3 million, consisting of $91.5 million for purchases of investments, $16.2 million for capitalized software development costs and $4.8 million for the purchase of property and equipment, partially offset by $84.2 million received from the maturities of investments.

Cash Flows from Financing Activities

Our recent financing activities have consisted primarily of activity related to our convertible notes and Repurchase Program, as well as net proceeds from exercises of stock options, contributions to our Employee Stock Purchase Plan, or ESPP, to purchase our common stock and payments for debt issuance costs related to the Revolving Credit Agreement.

For the nine months ended September 30, 2026, our net cash used in financing activities was $459.3 million, consisting of $304.0 million for repayment of the 2026 Notes and $158.9 million for share repurchases under the Repurchase Program, partially offset by $3.6 million received from contributions to our ESPP to purchase our common stock.

For the nine months ended September 30, 2025, our net cash provided by financing activities was $4.2 million, attributable to cash received from exercises of stock options and contributions to our ESPP to purchase our common stock.

Contractual Obligations and Commitments

Our principal commitments consist of non-cancellable operating leases primarily related to our facilities, minimum purchase commitments for third-party products, stadium sponsorship costs, commitment fees associated with our Revolving Credit Agreement, third-party public cloud service provider fees and other product costs. Our obligations under the Revolving Credit Agreement are described in Note 9 to our Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q. Information regarding our non-cancellable leases and other purchase commitments as of September 30, 2026 can be found in Note 7 and Note 8 to our Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Recent Accounting Pronouncements

See Note 2 - Summary of Significant Accounting Policies contained in the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q regarding the impact of certain recent accounting pronouncements.

Critical Accounting Policies and Significant Judgments and Estimates

The preparation of our interim unaudited condensed consolidated financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and the related disclosures of contingent assets and liabilities in our interim unaudited condensed consolidated financial statements and accompanying notes. In accordance with GAAP, we base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. We evaluate our estimates, judgments and assumptions on an ongoing basis, and while we believe that our estimates, judgments and assumptions are reasonable, they are based upon information available at the time. Actual results might differ from these estimates under different assumptions or conditions.

Our significant accounting policies are discussed in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the heading "Critical Accounting Policies and Significant Judgments and Estimates" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, filed with the SEC on February 11, 2026. There were no material changes to our significant accounting policies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Market risk is the risk of loss to future earnings, values or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument might change as a result of changes in interest rates, exchange rates, commodity prices, equity prices and other market changes. We do not use derivative financial instruments for speculative, hedging or trading purposes, although in the future we might enter into exchange rate hedging arrangements to manage the risks described below.

Interest Rate Risk

We have cash and cash equivalents held primarily in cash and money market funds. Cash and cash equivalents are held for working capital purposes. Marketable securities, which have typically included U.S. government securities, corporate bonds and commercial paper and certificates of deposit, are held and invested with capital preservation as the primary objective. Due to the short-term nature of these investments, we believe that we do not have any material exposure to changes in the fair value of our investment portfolio as a result of changes in interest rates. Any declines in interest rates will reduce future interest income. We do not believe that an increase or decrease in interest rates of 100 basis points would have a material effect on our interest income or the market value of our marketable securities.

Borrowings under our Revolving Credit Agreement bear interest at rates that are variable. To the extent that we draw amounts under the Revolving Credit Agreement, we would be exposed to increased market risk from changes in the underlying index rates, which would affect our interest expense. As of September 30, 2026, there were no amounts drawn on the Revolving Credit Agreement.

During the nine months ended September 30, 2026, there were no material changes in our quantitative and qualitative market risks described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, filed with the SEC on February 11, 2026.

Foreign Currency Risk

As of September 30, 2026, our most significant currency exposures were the Indian rupee, Mexican peso, Canadian dollar, Australian dollar and British pound. As of September 30, 2026, we had operating subsidiaries in India, Mexico, Canada, Australia and the United Kingdom. Due to the relatively low volume of payments made by us through these foreign subsidiaries, we do not believe we have significant exposure to foreign currency exchange risks. However, fluctuations in currency exchange rates could harm our results of operations in the future.

We currently do not use derivative financial instruments to mitigate foreign currency exchange risks. We will continue to review this matter and may consider hedging certain foreign exchange risks in future years.

Inflation Risk

We do not believe that inflation has had a direct material effect on our business, financial condition or results of operations. Nonetheless, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, refers to controls and procedures that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that such information is accumulated and communicated to a company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2026, the end of the period covered by this Quarterly Report on Form 10-Q. Based upon such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of such date.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the three-month period covered by this Quarterly Report on Form 10-Q, which were identified in connection with management's evaluation required by Rules 13a-15(d) and 15d-15(d) under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. Management believes that there are no claims or actions pending against us, the ultimate disposition of which would have a material impact on our business, financial condition, results of operations or cash flows.

Item 1A. Risk Factors.

Reference is made to the factors set forth under the caption "Special Note Regarding Forward-Looking Statements" above in this Quarterly Report on Form 10-Q and other risk factors described in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, which are incorporated herein by reference. There have been no material changes from the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

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

(a) Sales of Unregistered Securities

None.

(b) Use of Proceeds

None.

(c) Issuer Purchases of Equity Securities

	Total Number of Shares Purchased	Average Price Paid Per Share[2]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[1]	Approximate Dollar Value of Shares That May Be Purchased Under the Plans or Programs (in thousands)[1][2]
July 1 - 31, 2026	5,485	$ 49.93	5,485	$ 374,645
August 1 - 31, 2026	311,100	64.27	311,100	354,645
September 1 - 30, 2026	316,434	58.53	316,434	336,119
Total	633,019	$ 61.27	633,019	

(1) In October 2025, our Board of Directors authorized a share repurchase program that authorized the Company to repurchase up to $150.0 million of our common stock, which authorized repurchases were completed in full as of September 30, 2026. In July 2026, our Board of Directors authorized up to an additional $350.0 million in repurchases, collectively, with the prior authorization, the Repurchase Program. For further information, see Note 11— Repurchase Program of the Notes to the Condensed Consolidated Financial Statements.

(2) Includes broker commissions associated with the repurchases. Excludes federal excise tax incurred under The Inflation Reduction Act of 2022.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Rule 10b5-1 Trading Plans

The adoption or termination of contracts, instructions or written plans for the purchase or sale of our securities by our officers and directors for the three months ended September 30, 2026, each of which is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act (a "Rule 10b5-1 Trading Plan"), were as follows:

Scott Kerr, Senior Vice President, General Counsel, entered into a Rule 10b5-1 Trading Plan on August 12, 2026. Mr. Kerr’s plan provides for the potential sale of up to 32,853 shares of the Company's common stock between November 11, 2026, and December 31, 2027, assuming maximum attainment of applicable performance measures with respect to vesting performance stock unit awards during the specified period. The actual number of shares to potentially be sold under the Rule 10b5-1 Trading Plan will depend on the achievement of applicable performance conditions under the performance stock units less any shares sold pursuant to mandatory sell-to-cover transactions not covered by the plan related to withholding taxes.

Non-Rule 10b5-1 Trading Arrangements

In June 2023, the Company adopted a policy pursuant to which any participant in the Company's equity incentive plans whose transactions are subject to Section 16 of the Securities Exchange Act of 1934, as amended, is required to sell, upon the vesting or settlement of any such award, a portion of the shares subject to the award determined by the Company in its discretion to be sufficient to cover tax withholding obligations and to remit an amount equal to such tax withholding obligations to the Company. This mandatory sell-to-cover policy was adopted by the Company as a result of the inability of the Company's captive broker to effect the sell-to-cover transactions pursuant to Rule 10b5-1 Trading Plans.

Except for sales made pursuant to the mandatory sell-to-cover policy described above, during the three months ended September 30, 2026, no director or officer adopted or terminated a non-Rule 10b5-1 trading arrangement (as such term is defined pursuant to Item 408 of Regulation S-K).

Item 6. Exhibits.

EXHIBIT INDEX

Exhibit Number		Description of Document
3.1	*	Fifth Amended and Restated Certificate of Incorporation of the Registrant (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 12, 2019).
3.2	*	Amended and Restated Bylaws of the Registrant (filed as Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 12, 2019).
31.1	**	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	**	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	#	Certification pursuant to 18 U.S.C. 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Chief Executive Officer.
32.2	#	Certification pursuant to 18 U.S.C. 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Chief Financial Officer.
101.INS	**	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	**	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	**	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	**	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	**	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	**	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	**	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Incorporated herein by reference to the indicated filing.

** Filed herewith.

Furnished herewith.

SIGNATURES

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

Q2 HOLDINGS, INC.

October 28, 2026 By: /s/ MATTHEW P. FLAKE
Matthew P. Flake
President, Chief Executive Officer and Chairman
(Principal Executive Officer)

October 28, 2026 By: /s/ JONATHAN A. PRICE
Jonathan A. Price
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002

I, Matthew P. Flake, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Q2 Holdings, 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(s) 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(s) 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: October 28, 2026

/s/ MATTHEW P. FLAKE

Matthew P. Flake

President, Chief Executive Officer and Chairman

(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002

I, Jonathan A. Price, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Q2 Holdings, 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(s) 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(s) 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: October 28, 2026

/s/ JONATHAN A. PRICE

Jonathan A. Price

Chief Financial Officer

(Principal Financial and Accounting Officer)

EXHIBIT 32.1

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

The undersigned, the Chief Executive Officer of Q2 Holdings, Inc. (the "Company"), does hereby certify under the standards set forth and solely for the purposes of 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of the Company for the three months ended September 30, 2026 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 28, 2026

/s/ MATTHEW P. FLAKE
Matthew P. Flake
President, Chief Executive Officer and Chairman
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

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

The undersigned, the Chief Financial Officer of Q2 Holdings, Inc. (the "Company"), does hereby certify under the standards set forth and solely for the purposes of 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of the Company for the three months ended September 30, 2026 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 28, 2026

/s/ JONATHAN A. PRICE
Jonathan A. Price
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.