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

FORM 10-K

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

For the fiscal year ended December 31, 2025

or

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

For the transition period from __________ to __________.

Commission file number: **000-50600**

blackbaud®

Blackbaud, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**11-2617163**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

65 Fairchild Street
Charleston, South Carolina 29492
(Address of principal executive offices, including zip code)
(843) 216-6200
(Registrant's telephone number, including area code)

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, $0.001 Par Value	**BLKB**	**Nasdaq Global Select Market**

Securities Registered Pursuant to Section 12(g) of the Act: **None**

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

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

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

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

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

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

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

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

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

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☑ (In accordance with Rule 10D-1(b) under the Securities Exchange Act of 1934, we performed a recovery analysis of incentive-based compensation received by our executive officers during the applicable recovery period. Based on this analysis, no clawback of compensation was required by applicable SEC rules.)

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

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant on 6/30/2025 (based on the closing sale price of $64.21 on that date) was approximately $1,709,331,328. Common stock held by each officer and director and by each person known

to the registrant who owned 10% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares of the registrant’s common stock outstanding as of February 9, 2026 was 45,933,454.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 2026 Annual Meeting of Stockholders currently scheduled to be held June 10, 2026 are incorporated by reference into Part III hereof. Such definitive Proxy Statement will be filed with the U.S. Securities and Exchange Commission no later than 120 days after the conclusion of the registrant's fiscal year ended December 31, 2025.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, including the documents incorporated herein by reference, contains forward-looking statements that anticipate results based on our estimates, assumptions and plans that are subject to uncertainty. These "forward-looking statements" are made subject to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements consist of, among other things, trend analyses, statements regarding future events, future financial performance, our anticipated growth, the effect of general economic and market conditions, our business strategy and our plan to build and grow our domestic and international businesses, our operating results, our ability to successfully integrate developed and acquired businesses and technologies, including artificial intelligence ("AI" as further defined below), the effect of our stock repurchase program, the effect of foreign currency exchange rate and interest rate fluctuations on our financial results, the impact of expensing stock-based compensation, the sufficiency of our capital resources, our ability to meet our ongoing debt and obligations as they become due, cybersecurity and data protection risks and related liabilities, and current or potential legal proceedings involving us, all of which are based on current expectations, estimates, and forecasts, and the beliefs and assumptions of our management. Words such as “believes,” “seeks,” “expects,” “may,” “might,” “should,” “intends,” “could,” “would,” “likely,” “will,” “targets,” “plans,” “anticipates,” “aims,” “projects,” “estimates,” or any variations of such words and similar expressions are also intended to identify such forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions that are difficult to predict. Accordingly, they should not be viewed as assurances of future performance, and actual results may differ materially and adversely from those expressed in any forward-looking statements.

Important factors that could cause actual results to differ materially from our expectations expressed in forward-looking statements include, but are not limited to, those summarized under “Item 1A. Risk factors” and elsewhere in this report and in our other SEC filings. Forward-looking statements represent our management's beliefs and assumptions only as of the date of this Annual Report on Form 10-K. We undertake no obligation to update or revise any forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I.

ITEM 1. BUSINESS

Description of Business

We are the world's leading provider of AI-powered solutions for social impact. Serving nonprofits, educational institutions, companies committed to corporate social responsibility and individual change makers, we propel impact at scale with the sector's most intelligent solutions for fundraising and engagement, education solutions, financial management and CSR and grantmaking. With the deepest expertise powered by the world's largest philanthropic data set, the most connected workflows, and the most powerful impact network, our solutions are building a future where resources are unleashed at the speed of need. Blackbaud brings over four decades of leadership to this sector: since originally incorporating in New York in 1982 and later reincorporating as a South Carolina corporation in 1991 and as a Delaware corporation in 2004. We are deeply proud to play a part in our customers' success in their missions to provide healthcare and cure diseases, advance education, preserve and share arts and culture, protect the environment, support those in need and much more.

Market Overview

The social impact market is significant, spanning far beyond philanthropy, and our addressable market is substantial

There are millions of organizations globally focused on social impact including nonprofits, foundations, education institutions and healthcare organizations. In the corporate sector, demonstrating positive social impact has become a business imperative. Countless individuals also engage in social impact by donating funds, volunteering their time, advocating for a cause, receiving services from or otherwise engaging with social impact organizations.

Traditional methods of fundraising and organizational management are often costly and inefficient

Many social impact organizations use manual methods or software applications not specifically designed for fundraising or nonprofit business operations. Such methods are often costly and inefficient because of the difficulties in effectively collecting, sharing and using donation-related information. Furthermore, general purpose software applications frequently have limited functionality for the unique needs of our customer base and do not efficiently integrate multiple databases or solutions from multiple vendors. Some social impact organizations have developed proprietary software, but doing so is expensive, requiring on-site technical personnel for development, implementation and maintenance.

The nonprofit industry faces particular operational challenges

Nonprofit organizations—and any other entity that includes fundraising as a revenue source, including education institutions, healthcare organizations and houses of worship—must efficiently:

- Solicit funds and build relationships with major and institutional donors;
- Garner small cash contributions from numerous contributors;
- Manage and develop complex relationships with large numbers of constituents;
- Communicate their accomplishments and the importance of their mission online and offline;
- Comply with complex accounting, tax and reporting requirements that differ from those for for-profit businesses;
- Solicit cash and in-kind contributions from businesses to help raise money or deliver products and services;
- Provide a wide array of programs and services to individual constituents and beneficiaries; and
- Improve the data collection and information sharing capabilities of their employees, volunteers and donors by creating and providing distributed access to centralized databases.

Because of these challenges, we believe nonprofits, education institutions, healthcare organizations and houses of worship can benefit from AI-powered software applications and services and specifically designed to serve their particular needs and workflows to grow revenue, work effectively and accomplish their missions.

Companies, grantmaking institutions and foundations also face unique challenges

Companies, grantmaking institutions and foundations, face their own unique challenges in their social impact efforts, including the need to:

- Quantify and improve the impact of their grants;
- Cultivate better relationships with grantees;
- Achieve better internal collaboration and alignment with board members, reviewers and other stakeholders;
- Illustrate the impact of their corporate philanthropy and education efforts to the communities they serve;
- Engage employees in meaningful volunteering, giving and other activities;
- Ensure that their philanthropic efforts align with their business initiatives;
- Manage all of a foundation's activities, including fundraising and accounting;
- Expand the reach of their fundraising efforts; and
- Cultivate new and existing donors.

Strategy

Our objective is to maintain and extend our position as the leading provider of AI-powered cloud software and services essential for the core business operations unique to social impact organizations, teams, and schools. Our key strategies for achieving this objective are described below.

Operating Initiatives Supporting Long-Term Growth and Margin Improvement

- *Product Innovation and Delivery*

  A central element of our long-term strategy is the disciplined integration of AI across our products, platform and internal operations, which management views as foundational to driving operating leverage, enhancing customer outcomes and supporting sustainable growth over time.

  Our product innovation efforts have focused on two primary areas: (i) advancing AI across the portfolio, and (ii) enhancing product connectivity and interoperability to streamline customer workflows. These enhancements are designed to help customers improve fundraising outcomes while reducing administrative burden.

  Through our multi-year Intelligence for Good® initiative, we continue to integrate machine learning and AI-driven capabilities into our products to improve efficiency and support better outcomes for our customers. Our machine learning features for prospect identification have been adopted by more than half of Raiser's Edge NXT® customers. We have also introduced generative AI features across multiple products, primarily supporting the composition of donor and constituent communications.

  In late 2025, we released Blackbaud AI Chat, which provides contextual responses within our solutions and assists users in completing tasks more efficiently. At bbcon®, our annual user conference in October 2025, we launched Agents for Good™, our agentic AI suite, designed to augment customer teams with virtual AI-driven assistants capable of autonomously executing complex workflows across fundraising, finance and corporate impact functions. These innovations expand the ways customers can use our AI-powered solutions and are expected to contribute to future bookings, product adoption and customer retention.

- *Targeting Mid-Single-Digit Revenue Growth*

  Contractual Recurring Revenue (~64% of total revenue)

  Contractual recurring revenue is driven by new-customer bookings, cross-sell and upsell activity within our existing customer base and the retention of existing customer revenue. Our sales organization includes teams focused on both new logo acquisition and expansion within existing customers. In addition to these motions, our new product opportunities (such as Agents for Good discussed above) provide our customer account teams with incremental solutions

to sell into existing customers. These three motions—new logo, cross-sell/upsell, and new product—support our multi-year “land and expand” strategy.

Most of our software customers now operate on standard three-year contract terms with mid-to-high single-digit price increases at renewal and embedded annual price increases. These terms provide improved revenue visibility and are expected to contribute to stability in retention rates. Revenue from these arrangements is generally recognized ratably over the contract term.

While our contract renewal program is designed around three-year terms, more than 20% of renewing customers have elected to enter into four-year or longer contracts. Accordingly, our customer base is primarily composed of three-year contracts, with over 20% of customers committed under extended-term arrangements, which contributes to revenue visibility while extending the duration over which renewals occur.

Because revenue from these contractual arrangements is recognized ratably over the contract term, changes in contract duration affect the period over which revenue is recognized but do not change the pattern of revenue recognition within the contract. To the extent contracts include embedded annual price escalators, the total fees attributable to the subscription-based software solutions are recognized on a straight-line basis over the term of the arrangement, resulting in a more even pattern of revenue recognition over longer periods. Accordingly, period-over-period revenue growth continues to be driven primarily by the retention of existing customer revenue, combined with new bookings, expansion activity and contractual renewals with price increases and embedded annual price escalators over the contractual term. Extended-term arrangements contribute to improved visibility into future revenue and cash flows.

Renewal performance can vary from year to year due to the size and composition of renewal cohorts. Approximately 40% of our existing customer contracts are due for renewal in 2026, compared to approximately 30% in 2027 and approximately 30% in 2028. The contractual annual recurring revenue dollars up for renewal associated with the 2026 renewal cohort are approximately 40% higher than those up for renewal in 2025, reflecting the normal progression of our multi-year contract renewal cycle and the timing of customer renewals. Because the 2026 cohort is meaningfully larger, we may experience higher churn dollars in that year relative to prior years. These cohort dynamics are a normal part of our renewal cycle and can influence year-over-year revenue trends, even when underlying customer retention patterns remain stable.

Transactional Recurring Revenue (~34% of total revenue)

Transactional recurring revenue is diversified across multiple activity types. The primary components of this revenue stream—and their associated products—include:

- **Donation Processing (~55%)** - support by *Blackbaud Integrated Payments*™, which powers donation activity across our fundraising and CRM solutions.
- **Consumer Giving (~20%)** - driven by *JustGiving*®, which facilitates individual, peer-to-peer and community-driven giving.
- **Tuition Management (~20%)** - generated through *Blackbaud Tuition Management*™, which processes tuition, fees and related financial transactions for K-12 private schools.
- **Event-based Usage (~5%)** - derived from usage-based transactions across certain registration, ticketing and event-related workflows within our product suite.

The diversity of these underlying transaction types has contributed to consistent high-single-digit growth in transactional recurring revenue in recent years. In certain periods, transactional recurring revenue may benefit from temporary increases in charitable giving related to isolated events, which can contribute to short-term variability in transaction volumes. Future growth in this category will depend on volume (e.g., donation activity, giving behavior, tuition payments), same-store volume trends, the shift toward donor online giving, customer adoption of our payments capabilities and pricing optimization initiatives.

Certain components of transactional revenue—as with the broader social good sector—are influenced by external factors such as giving patterns, macroeconomic conditions and seasonal activity.

We have experienced continued growth in donation processing, consumer giving and tuition management, have implemented targeted rate increases across select areas of our payments portfolio, and are executing additional

optimization initiatives intended to enhance the donor experience and support long-term transactional revenue expansion.

- *Operating Efficiency and Margin Improvement*

We are focused on improving operating efficiency and enhancing profitability over time. This includes actions to optimize our workforce, improve productivity, modernize our technology platform and simplify our cost structure. Consistent with this focus, we are applying AI across our internal operations as a tool to support productivity, scalability and operational effectiveness over time.

We have taken several steps to improve efficiency in recent years, including reductions in headcount, optimization of our real estate footprint, renegotiation of key vendor contracts, continued migration of our product infrastructure to public cloud environments and planned closure of our two remaining legacy private data centers. We are also deploying AI-enabled tools across our internal operations, including research and development, customer operations and general and administrative functions, to automate routine activities, accelerate workflows and support internal productivity, while maintaining appropriate controls and governance.

As part of our multi-year global workforce strategy, we are expanding our global footprint through the continued build-out of our Global Capability Center ("GCC") in Hyderabad, India. This expansion enhances our access to talent, enables labor arbitrage while maintaining a high quality of work, and supports a follow-the-sun operating model. Our adoption of AI complements this strategy by informing how we assess roles, skill requirements and productivity opportunities as our operating model evolves.

Beginning in 2024, we have relied on a combination of (i) insourcing certain roles previously performed by third parties into the GCC, (ii) evaluating roles and required skill sets, and opportunities created through our adoption of AI to determine whether positions that become vacant through attrition should be backfilled within the GCC, and (iii) opportunistically transitioning additional roles to the GCC. We expect to continue this approach as we execute the next phase our global workforce strategy through 2027.

- *Stock repurchase program*

On December 1, 2025, our Board of Directors reauthorized, expanded and replenished our stock repurchase program by raising the total capacity under the program from $800.0 million to $1.0 billion available for repurchases. The program does not have an expiration date and authorizes the repurchase of shares from time to time in accordance with applicable laws, including through open market transactions, transactions under Rule 10b5-1 trading plans, and privately negotiated transactions. The timing and amount of repurchases are determined based on a variety of factors, including market and business conditions, the trading price of our common stock and alternative uses of capital, and the program may be limited, suspended or discontinued at any time without prior notice.

On December 2, 2025, we announced an increase in our expected fiscal year 2025 stock repurchase range to between 7.0% and 8.5% of our outstanding common stock as of December 31, 2024. During the year ended December 31, 2025, we repurchased 3,337,844 shares for $214.0 million. Including net share settlement of employee stock compensation, these repurchases represented approximately 7.9% of our outstanding common stock as of December 31, 2024. As of December 31, 2025, $960.6 million remained available for repurchases under the program. During 2026, we intend to repurchase between 5.0% and 10.0% of our outstanding common stock as of December 31, 2025 under our existing stock repurchase program. Over the long term, we expect stock repurchases to remain an important component of our capital allocation strategy, subject to market conditions, business performance, leverage considerations, and other factors. We anticipate utilizing at least 50% of our free cash flow from 2026 to 2030 for stock repurchases. See “Management’s Discussion and Analysis of Financial Conditions and Results of Operations—Non-GAAP Financial Measures” in Item 7 of this report.

Delight Our Customers

We intend to make our customers' experience with us effective, efficient and satisfying from their initial interest in our AI-powered solutions and services through their decision to purchase, engage with customer support and implement and use our solutions. We continue to focus on initiatives aimed at improving the consistency and quality of user experience across our offerings. We also continue to evolve the way we package and sell our offerings to provide high quality and value combined with flexibility to meet the unique needs of our existing and prospective customers. In addition, we are continuing to integrate value-adding capabilities such as payment services, analytics and business intelligence into our suite of solutions to better address our customers' needs to raise more revenue with comprehensive offerings. We will continue to focus on providing the highest level of solution support, enhancing our existing solutions, extending our solutions through open APIs and developing new solutions and services designed to help our customers be more effective and achieve their missions. (See “Solutions and Services” below for additional information regarding the development and integration of AI into our solutions and services as a key business strategy.)

Attract and Retain Top Talent and Actively Engage Employee Base

Our employees are energized by our opportunity to fuel social impact. Collaboration, innovation, authentic passion for the customers we serve and high standards are core to our culture and help to enable the great work we do. We strive to hire, develop and retain the best employees and provide a supportive and inclusive environment where their talents and potential are realized. In 2025, we rolled out an updated approach to our Remote-Flexible workforce strategy, which supports Blackbaud's goal to attract and develop top talent globally. For additional information, see “Human Capital Resources” below.

Drive Strength in Our Sector as an Industry Thought Leader

In our over 40 years of operation, we have gained significant insight into the overall market and industry segments in which we operate. We produce a wide range of thought leadership resources, including blogs, webinars and white papers, which provide insights and guidance to the social impact community. We also participate in and convene industry forums, where we exchange views and engage with industry and government leaders. Our annual user conference, ***bbcon***®, serves in part as a forum to offer thought leadership to our customers, as do other market-specific user conferences, events and customer gatherings. The Blackbaud Institute is a research lab that leverages Blackbaud's unique data resources, along with original research, to drive insight that accelerates the impact of the social impact community. The research and reports the Blackbaud Institute produces serve to strengthen the social impact community as a whole. ENGAGE, our blog and podcast, provides free best practices resources that drive impact across the social impact community, as well.

The Blackbaud Social Good Startup Program is a year-long accelerator designed to support innovative startups with the potential to drive social impact. In alignment with our commitment to diversity in the tech community, we emphasize supporting founders from underrepresented backgrounds.

Solutions and Services

We propel our customers’ impact through what we believe to be the sector’s most intelligent AI-powered solutions for giving, connecting and engaging. Our solutions combine deep expertise, end-to-end connection for sector-specific workflows and access to the Blackbaud Verified Network. We have evolved beyond providing the critical systems of record to also provide systems of intelligent action.

We augment our software with a range of payment processing, analytic and business intelligence services, consulting, training and professional services, as well as maintenance and technical support. The Blackbaud portfolio is delivered primarily through cloud solutions tailored to the unique needs of nonprofits and foundations, educational institutions, individual change makers and corporate social impact programs. Our AI-powered solutions are built specifically for fundraising and relationship management, marketing and engagement, financial management, grant and award management, education management, ticketing, social responsibility, payment services and analytics.

We are developing and implementing AI features in certain of our solutions and services as a key element of our strategy to enhance customer workflows, improve operational efficiency and support decision-making, while maintaining appropriate human oversight and governance controls. For example, our “Intelligence for Good” program integrates machine learning and AI capabilities that help our customers streamline workflows, enhance efficiency and achieve better outcomes. We have introduced generative AI features across multiple products, ranging from composition of outreach communications to contextual responses to customer questions. We are also leveraging AI to transform the way we work at Blackbaud and intend

to continue to identify, experiment and scale a range of solutions across our marketing, customer success, engineering and general and administrative functions through applied AI.

AI is a core pillar of our long-term business strategy and operating model, rather than a standalone innovation initiative, and underpins how we enhance our solutions, scale our platform, improve operating efficiency and deliver sustained value to our customers.

We are committed to developing and using AI responsibly and in accordance with rapidly developing laws and regulations, including with regard to the processing of personal data. The technologies underpinning these features are in the early stages of commercial use, and we are mindful that the success of any enhancements or new products depends on many factors, including its relevance to our customers, timely implementation and market acceptance. In addition, we regularly monitor new regulatory developments in applicable jurisdictions in order to identify and mitigate ethical and legal issues presented by our use of AI. Furthermore, many of our AI features may rely on third-party service providers, which requires that we continuously evaluate the quality and legality of their products and operations, as well as copyright and intellectual property issues. Our commitment to new and emerging AI technologies requires that we invest in the development and maintenance of various models, approaches and processes, as well as the development of protections and safeguards for the use of AI technologies and requires that we hire persons with specialized expertise. As a result, we regularly monitor all aspects of our AI strategy to ensure that it is implemented in a manner consistent with our enterprise risk management processes and other company policies and procedures. (See “Risk Factors” below for more information regarding the risks associated with our use of AI and the description below of our current uses of AI in our solutions and services.)

For purposes of this Annual Report on Form 10-K, we use the term “Artificial Intelligence” or “AI” as defined by the National Institute of Standards and Technology (“NIST”). Under the NIST definition, AI refers to a machine-based system that can, for a given set of human-defined objectives, make predictions, recommendations, or decisions that influence real or virtual environments. These systems use machine- and human-based inputs to perceive their environments, analyze data and generate outputs that support or automate decision-making.

As adopted by the Company, this definition applies consistently throughout our disclosures in Item 1. Business, Item 1C. Cybersecurity and Item 7. Management’s Discussion & Analysis, and should be read in conjunction with our related risk, operational and governance discussions.

Our specific solutions and services include:

Data Intelligence

Intelligence for Good® is our comprehensive strategy to deliver AI that is convenient, powerful and responsible. Our AI capabilities enable social impact organizations to transform data into insights and outcomes.

Our data intelligence offerings provide solutions for data health, predictive insights and fundraising performance, enabling nonprofits to define effective campaign strategies and maximize fundraising results. These services either integrate with or are already integrated into our software solutions to give our customers a comprehensive view of their supporters and the market and provide information essential to making well-informed operating decisions.

Blackbaud's data intelligence solutions and services use data science and AI to turn customer data into valuable insights that inform decision-making and help them achieve their goals efficiently. Blackbaud's data intelligence portfolio consists of four key outcome areas:

Blackbaud Agents for Good™ are a series of AI agents that leverage Blackbaud’s proprietary data and sector expertise to act as staff support or “virtual team members” by autonomously executing complex workflows for nonprofits and leveraging proven processes to accomplish a specific set of outcomes. Within prescribed guardrails, agents run tasks, leverage data to optimize those tasks, log the actions they take and report on the success of their actions.

Predictive Insights inform strategic decision-making and actions that increase efficiency and drive successful outcomes. Insights are extracted by combining customer data with licensed and proprietary data before leveraging advanced AI capabilities and expertise from Blackbaud’s dedicated team of data scientists. Examples of constituent insights include: predictive modeling that indicates the likelihood and capacity of a constituent making a gift, wealth screening software that uses publicly available records to build detailed wealth profiles of constituents and persona cluster segmentation that groups constituents based on shared traits with guidance for optimizing messaging to each group.

Data Health solutions enhance and maintain constituent data so the customer is always working with accurate and up-to-date information. Examples of these solutions include: identifying outdated or invalid constituent addresses in the database and making corrections based on United States Postal Service data and using name and address matching to append additional contact or demographic data points to constituent records to support better segmentation and engagement.

Fundraising Performance solutions help customers to assess their fundraising performance across donor segments, benchmark themselves against peer organizations and understand industry trends. These solutions provide a holistic view of donor performance that goes beyond standard campaign-based reporting, with key performance indicators related to acquisition, upgrading, retention and reactivation. Customers use our performance solutions to identify areas of weakness and opportunities for improvement, track the donor impact of strategic initiatives, understand and respond to industry trends, set realistic benchmarks and fundraising goals and maintain a consistent reporting methodology to assess growth over time.

Fundraising and Engagement

Blackbaud Raiser's Edge NXT® is our flagship fundraising and relationship management solution. Raiser's Edge NXT is the first and only cloud fundraising and relationship management solution that is all-inclusive, fully integrated with data health, AI-powered predictive analytics, email marketing, donation forms, event management, payment processing and process automation to create tailored, user-specific experiences. We believe Raiser's Edge NXT is the most advanced technology available to nonprofits seeking to operate more efficiently and raise more support for their missions.

Blackbaud Enterprise Fundraising CRM™ is a comprehensive, configurable fundraising and relationship management solution. It is our lead offering for enterprise-level organizations seeking a powerful, yet adaptable solution for fundraising, marketing and program management across the engagement lifecycle, specializing in supporting sophisticated major giving, membership and high-volume direct marketing programs. Blackbaud Enterprise Fundraising CRM helps organizations build deeper and more personalized relationships with constituents, build their brands through online engagement and multichannel communication tools, and more effectively fundraise, leveraging campaign management, business intelligence and predictive analytics. Blackbaud Enterprise Fundraising CRM can be integrated with enterprise online solutions to enable multi-channel marketing, online engagement and event fundraising.

Blackbaud Luminate Online®, delivered in the cloud, helps our customers better understand their online supporters, make the right ask at the right time and raise more money online. It includes tools to build online fundraising campaigns as part of an organization's existing website or as a stand-alone fundraising site. Donation forms, gift processing and tools for communicating through web pages and email give our customers the essentials for building sustainable donor relationships.

Blackbaud TeamRaiser® is the industry’s most comprehensive peer-to-peer fundraising event solution. Powering thousands of major events each year, TeamRaiser allows nonprofits’ supporters to create personal or team fundraising web pages and send email donation appeals in support of events such as walks, runs and rides.

JustGiving® from Blackbaud® is a world-class social fundraising platform for online peer-to-peer giving. JustGiving provides innovative tools enabling individuals to engage their own peer networks to raise donations directly for the causes they care most about. By making giving simpler and putting storytelling in the hands of fundraisers, JustGiving helps individuals reach more people to raise more money for charities of all sizes.

Blackbaud Fundraiser Performance Management™ is a multi-pronged solution that augments the capabilities of an organization’s primary database with flexible, detailed and transparent goal and action tracking. Built for higher education institutions, healthcare and large nonprofit organizations with structured gift officer teams, the solution combines a dedicated SaaS platform for gift officer tracking with a dedicated business consultant. Both fundraisers and leaders benefit from tailored consulting to address weaknesses and enhance strengths to comprehensively improve fundraising team performance.

Blackbaud Altru® is a cloud solution that helps arts and cultural organizations consolidate admissions, membership, fundraising, merchandise, marketing and more, giving users a comprehensive view of their supporters. By helping general admissions arts and cultural organizations gain a clear, 360-degree view of their organization, it enables them to operate more efficiently, engage and cultivate patrons and supporters, streamline external and internal communication efforts, and reduce IT costs. Blackbaud Altru contains tools for constituent and membership management, program sales, retail sales and ticketing, volunteer management and events management. It also has sophisticated reporting functionality and tools to manage marketing, communications and fundraising.

Financial Management

Blackbaud Financial Edge NXT® is the market leading solution for fund and sub fund accounting to ensure stewardship for donated funds and compliance for government grants and contracts. Blackbaud Financial Edge NXT has powerful reporting tools to help finance teams drive transparency and open modern APIs to support data integrations or enhanced workflows. It seamlessly integrates with multiple Blackbaud products including Raiser's Edge NXT, Blackbaud Tuition Management and Blackbaud Billing Management so nonprofit organizations can connect their business offices and workflows across the organization. Financial Edge NXT eliminates redundant tasks and manual processes across the organization and within the financial office itself through Payment Assistant™, native functionality for automated bill pay and Expense Management, functionality for submission of expenses. We recently introduced AI-powered document intelligence for scanning of invoices to reduce manual data entry.

Blackbaud Purchase Cards provide an efficient and convenient alternative to traditional procurement methods and paper-based payables processes such as checks, purchase orders and invoices for travel and operational purchases. Organizations can also set spend controls for individual cardholders, track business expenses across the organization and ensure that policies are being enforced—all managed online and integrated with Blackbaud Financial Edge NXT.

Blackbaud Tuition Management™ benefits schools by giving administrators better access to financial data and payment services, and by giving parents more ways to remit tuition payments. The solution is fully integrated with Blackbaud Financial Edge NXT and helps ease the burden for administrative staff by offering invoicing, payment processing, customer service, enhanced communication with parents and later payer follow-up services.

Blackbaud Financial Aid Management™ offers schools the ability to accept online, customized applications for financial aid and to make better financial aid decisions with a proprietary Hobbies, Interest and Lifestyles ("HIL") profile. The HIL profile provides in-depth information on an applicant, delivering to the school a way to make more informed decisions on how they distribute financial aid awards.

Blackbaud Billing Management™ makes it easy for school administrators to manage tuition and billing processes and for parents to manage their payments to the school. It gives families flexible payment options, provides the school visibility into payments and billing with metrics for supporting cash flow, one view of financial performance, 24/7 bill access on all devices, and removes manual processes from admissions to finance and merchant services.

Grant and Award Management

Blackbaud Grantmaking™ is a modern cloud solution that supports the end-to-end grantmaking process from application through review and resolution. Blackbaud Grantmaking provides core functionality to efficiently disperse funds, maintain compliance with due diligence requirements and measure and demonstrate impact. The system has collaborative tools to help strengthen relationships with grantees and other community partners. Blackbaud Grantmaking supports collaboration between funders and nonprofits around intended outcomes to drive desired impact. Both the funder and the nonprofit can tell an impact story using ROI-focused results and a common outcomes measurement language.

Blackbaud Award Management™ is a comprehensive, integrated scholarship management platform for higher education and K-12 institutions and foundations, allowing students to apply for all awards using one intuitive and streamlined application process and eliminating many time-consuming administrative tasks. This leads to improved awarding, reporting, compliance, communication and stewardship.

Education Solutions

Blackbaud Student Information System™ makes it easy for schools to manage schedules, transcripts and GPAs. A new Student Information System that works directly with Blackbaud Learning Management System™, Blackbaud Student Information System simplifies the process of sharing student data and academic records securely.

Blackbaud Learning Management System™ is a learning management system that makes it easy to manage, connect, and share information with students, parents, and an entire school community. Developed with direct input from our customers, Blackbaud Learning Management System gives teachers the tools to meet the demands of a modern private school.

Blackbaud Enrollment Management System™ is an enrollment management system that simplifies a school’s admissions process. Blackbaud Enrollment Management System helps admissions teams and prospective families manage and track their progress, from inquiry and application through acceptance and enrollment.

Blackbaud School Website System™ is a content management system that gives schools the flexibility to build and edit webpages, with easy access to content types including photos, videos, downloads, text and more. It allows users to share material and contribute content across an entire school community.

Social Responsibility, Employee Giving and Volunteering

YourCause GrantsConnect® and *YourCause CSRconnect®* are cloud solutions for employee giving, volunteering, and grantmaking used to support corporate philanthropy by building meaningful connections between corporations, employees and nonprofits. After implementing YourCause solutions, customers typically show significant growth in volunteers, donations, engagement and more. These reported successes demonstrate a larger trend: overall ability to attract employees and customers alike by strengthening a company's reputation.

Blackbaud Impact Edge™ is an AI-powered solution designed for social impact reporting and storytelling, tailored for corporate social responsibility (CSR) and social impact teams of all sizes. This innovative technology utilizes responsible generative AI to help impact professionals create a compelling picture of their organization’s social impact. It seamlessly integrates data captured safely and securely from employee engagement programs, philanthropic initiatives, educational projects, and other trusted external sources.

Payment Services

Our solutions provide our customers payment processing capabilities that enable their donors to make donations and purchase goods and services using numerous payment options, including credit card and automated clearing house (“ACH”) checking transactions, through secure online transactions.

Blackbaud Integrated Payments™ (formerly, *Blackbaud Merchant Services*) is a value-added service integrated with our solutions that makes credit card processing simple and secure. Customers are charged one rate for credit card transactions, making Blackbaud Integrated Payments a competitive option. The service also provides customers with a payment card industry (“PCI”) compliant process and streamlined bank reconciliation.

Customer Success

Our Customer Success organization is responsible for ensuring our customers achieve their desired outcomes through Blackbaud solutions, starting at onboarding and continuing through the customer lifecycle. Our Customer Success team develops and fosters relationships within all levels of the customer organization to help ensure that customers get the most value out of our AI-powered solutions and services, while helping them achieve their desired outcomes. Our customer success resources work to proactively communicate to drive overall satisfaction and retention of our customers' business. They work to collect and analyze actionable information, whether that is through direct customer relationships or through aggregated analytics that drive future one-to-one or one-to-many interactions. Their goal is to partner with customers to ensure that they are fully engaged and have an advocate within Blackbaud who works to meet their needs. Customer success resources bring industry knowledge and expertise to the customer relationship and strive to help our customers achieve positive growth and outcomes.

Customer Support

Customer Support provides assistance to customers using Blackbaud solutions, helping them understand the capabilities of their subscription, including how to navigate their subscription and answering related questions for core concepts of features and functionality. Benefits, such as priority routing or additional support channels, are continuously enhanced. Customers enrolled in the programs enjoy timely, reliable customer support, receive regular software updates, stay up-to-date with regular communication and can leverage a unified customer portal for quick and easy access to these resources. Customers also are empowered with self-help resources such as AI-based support tools, Knowledgebase articles, user guides, Blackbaud Community, our on-demand library of enablement sessions and have around-the-clock access to support resources for mission-critical needs.

Professional and Managed Services

Our expert consultants, and those in our partner program, provide implementation, optimization, data conversion and customization services for our AI-powered software solutions. These services include:

- System implementation;
- Data conversion, business process analysis and application customization;
- Database merging and enrichment;
- Database production activities;
- Website design services; and
- Outcome-based and prescriptive services.

In addition, we, and our delivery partners, apply our industry knowledge and experience, combined with expert knowledge of our solutions, to evaluate an organization's needs and consult on how to improve a business process.

Training

Blackbaud University helps organizations unlock the full potential of their solutions. Our training emphasizes newly released features and real-world application, to help customers build confidence and optimize the use of Blackbaud solutions. Our array of learning modalities makes it easy for users to take training that fits their schedule, whether quickly upskilling new hires or expanding the knowledge and efficiency of existing staff. This expertly designed product training empowers users to learn fast and work smart.

Sales and Marketing

Most of our AI-powered solutions and related services are sold through our direct sales force. As of December 31, 2025, we had approximately 170 direct sales employees. Our direct sales force is complemented by a team of sales development representatives responsible for sales lead generation and qualification. In addition, lead generation is supplemented by our customer success organization via employee-generated sales leads. Our partner program also includes optional engagements around referrals, technical integrations, and implementation services which also support and supplement our go-to-market efforts by promoting customer choice and facilitating extensible capabilities. These sales, sales support, partners and customer success professionals are primarily located throughout the United States, the U.K., Canada and Australia.

Our marketing organization, which includes brand, digital, content, product, event and demand generation marketing and corporate communications, develops and launches multi-channel campaigns designed to create brand recognition and market awareness for our AI-powered solutions and services.

Our digital demand generation motion focuses on targeted account-based marketing plays, as well as intent-based programs including paid search, retargeting, social and content syndication programs. We supplement the digital motion with our annual user conference, ***bbcon***®, select participation at virtual and in-person third-party trade shows, technical conferences, and technology seminars. We also target publication of our thought leadership content and position our subject matter experts in industry journals and publications. We have a large base of loyal customers and strategic partners that provide references and recommendations often featured in our advertising and promotional activities.

Competition

The market for software and related services targeting philanthropic-focused for-profit, nonprofit organizations and schools is competitive and highly fragmented. For certain areas of the market, entry barriers are low, as general tools for small businesses can usually be configured to manage the most basic marketing, contact management, and accounting needs of social impact organizations. In parallel, as software development evolves from a highly-complex tradecraft with nuanced understanding of architectural patterns and discrete languages, to click-to-code and drag-and-drop development with natively cloud-based infrastructure, it becomes easier for competitors to quickly spin up basic applications to solve common problems. However, once basic needs are met, programs unique to social impact organizations like the stewardship of relationships and partnerships critical to major gift fundraising and corporate grants; the cultivation and management of gifts and sponsorships; the intricacies of not-for-profit specific fund accounting; the multi-level networking required for peer-to-peer activism and employee engagement; and the sensitive data and reporting behind critical programs run by and for healthcare and education institutions ensure the ongoing need for highly specialized tools. These specialized applications have a higher barrier of entry as they require industry insight to accurately articulate the business workflow that generates the requirements for software products. Moreover, because social impact organizations rely heavily on relationships with and among their supporters, integration of systems drives value beyond mere efficiency. Hence, we believe our insight, the full spectrum of our current solutions and our ability to deliver future solutions make us a strong competitor. We expect to continue to see new entrants as focus on social investment solutions increases to satisfy Millennial and Gen Z donors, customers and employees, the barriers of entry continue to decline with natively cloud solutions and social impact organizations more readily require digital transformation of business processes and data-driven decision making.

Our competition falls into four primary categories:

- *Niche products* are usually developed as a solution for a single problem at an organization and are adopted by similar organizations to solve a specialized need. These are typically offered by vendors who may have deep industry expertise but may not have the resources to expand beyond a specialized area, or whose solutions require managed services which limit their ability to scale. We believe we compete against these solutions by offering a set of integrated, AI-driven solutions rather than a single point solution, which we believe improves the overall customer experience and reduces organizational risk. In addition, our open platform allows integration to specialized applications so the opportunity for disruption from these competitors is minimized.
- *Vertical-specific solutions* are offered by competitors seeking to meet the enterprise-wide needs of a specific sub-segment of the social impact community. Typically, these solutions are offered by vendors who may offer either a point solution or integrated suite of products used by a vertical. We believe we compete successfully against these competitors through a combination of our integrated suite of offerings and nationwide community networks within verticals where we compete, offering solutions with market leading robustness and reporting as well as the scale, reach, and reputation of our organization.
- *General business software vendors*, such as Microsoft, Oracle and Salesforce.com, compete with us in certain areas of our business. While there is a growing trend toward social investment that is prompting philanthropic solutions from these general business vendors, most do not have a complete nonprofit specific focus and, therefore, do not offer, or to our knowledge do not intend to offer, nonprofit-specific versions. However, there is a subset of general business software competitors who have introduced nonprofit-specific versions of their products. These products generally do not satisfy the needs of nonprofits from end-to-end as they were not designed to support the specific needs of nonprofits during the original architecture, design, and requirements elicitation phases; and several of the products introduced by general business software vendors have been subsequently pulled from market based on lack of adoption and customer satisfaction. We believe that the products that remain are not yet fully capable of meeting market needs without significant customization to transform general business products into nonprofit solutions often requiring the use of consultants to guide the implementation, without which, leave the adoption of general business software limited to very basic operations and simple needs. We believe our solutions compete successfully against general business software as a nonprofit's needs grow more complex. As a result, we believe we can compete successfully to meet nonprofit-specific requirements, often integrating with general business platforms used for their more generalized operations.
- *Consumer-oriented fundraising platforms*, such as GoFundMe and Facebook compete with our business where consumers raise funds directly. To drive adoption of their platforms, these vendors rely on a combination of direct-to-consumer marketing, marketing to nonprofits who in turn market to their supporters, and marketing to intermediate entities such as an event sponsor who will market to participants. We believe we compete well in this

market through a combination of positive brand recognition among all three of these groups and the combination of our consumer- and organization-oriented tools relative to those of the competition.

Less frequently, we compete with providers of traditional, non-automated fundraising service providers, including parties providing services in support of traditional direct mail or email campaigns, special events fundraising, peer-to-peer, telemarketing and personal solicitations. We believe we compete successfully against these traditional fundraising service providers, primarily because our solutions and services are more automated, more robust, more tailored to the needs of nonprofit organizations and more efficient.

We believe our proprietary data, comprehensive product suite and domain-specific workflows provide a durable competitive moat, in the same way they have supported our success to date versus competitors. Our early incorporation of verticalized, embedded AI and agentic automation capabilities, coupled with decades of sector credibility, positions us to lead the market into the next phase of intelligent, mission-driven software.

Technology and Architecture

Our technology strategy consists of several key building blocks including cloud operations, developer tools, data intelligence and core services. We leverage multiple clouds in our architectures (including AWS and Azure) and have both single and multi-tenant solutions. The best-in-class infrastructure enables rapid innovation with high levels of reliability, availability and security, and lets Blackbaud evolve services over time at independent paces as tech trends and tools emerge. Blackbaud also provides a toolset for customers, partners, and developers to extend the Blackbaud SKY ecosystem. SKY API enables developers to augment Blackbaud solutions with industry-standard REST APIs, standards-based authentication protocols, and a best-in-class developer experience. SKY UX allows developers to create applications with the same consistent, cohesive user interface as Blackbaud’s native solutions using an open-source framework that implements Blackbaud design patterns and provides guidelines and tooling for the entire application lifecycle. Our Intelligence for Good® strategy affirms our commitment to AI that is convenient, powerful and responsible. Our AI Platform is built on best-in-class services and agentic capabilities and enables tools — both internal and third-party — to access our data securely to provide intelligent capabilities.

The development strategy for all Blackbaud cloud solutions emphasizes:

- *Flexibility*: Customers and partners can extend our component-based architecture to accommodate changing demands without modifying source code.
- *Adaptability*: The architecture of our applications allows us to easily add functionality or integrate with third-party applications to adapt to customer needs and market demands.
- *Scalability*: Scalable architecture and the performance, capacity and load balancing of our customers' industry-standard web servers and databases ensure that applications can scale to meet the needs of large organizations.

Intellectual Property and Other Proprietary Rights

To protect our intellectual property, we rely on a combination of patent, trademark, copyright and trade secret laws in various jurisdictions, as well as employee and third-party nondisclosure agreements and confidentiality procedures. We maintain many trademarks, including, but not limited to “Blackbaud,” “Raiser's Edge NXT” and “Luminate.” We currently have one active patent on our technology and have one pending patent application.

Human Capital Resources

As of December 31, 2025, we employed approximately 2,800 talented professionals worldwide, none of whom are represented by unions or covered by collective bargaining agreements. We are not engaged in any material disputes with employees, and we maintain strong, positive relationships across our workforce.

Our people are energized by our mission to fuel social impact. This purpose is a powerful differentiator—approximately 91% of employees cite Blackbaud’s commitment to social responsibility as important to them. It drives engagement and enables us to deliver exceptional service to customers. Our employees live this commitment: approximately 74% volunteer annually with nonprofits, and one in seven serves on a nonprofit board or committee, bringing firsthand experience to the communities we serve.

In 2025, we advanced our Remote-Flexible workforce strategy, a cornerstone of our culture built on trust, innovation and productivity. This dynamic model is not “remote-only,” “hybrid-only,” or “in-office-only.” Instead, it adapts to the needs of the work and the teams, while remaining in compliance with applicable local laws, empowering employees to thrive while delivering outstanding outcomes. Whether collaborating in person, connecting virtually, or blending both, we believe flexibility fuels performance, inclusion and innovation.

We are expanding our global footprint through the continued build-out of our new Global Capability Center (“GCC”) in Hyderabad, India. This expansion enhances our access to talent and enables through labor arbitrage while maintaining a high quality of work, and it supports a follow-the-sun operating model. Beginning in 2024, we have relied on a combination of (i) insourcing certain roles previously performed by third parties into the GCC, (ii) evaluating roles and required skill sets, and opportunities created through our adoption of AI to determine whether positions that become vacant through attrition should be backfilled within the GCC, and (iii) and opportunistically transitioning additional roles to the GCC. We expect to continue this approach as we execute the next phase of our global workforce strategy through 2027. See “Management’s Discussion and Analysis of Financial Conditions and Results of Operations—Executive Summary” in Item 7 of this report for additional information about this initiative.

Employee engagement is a key priority. Every manager completes our multi-course Engagement Labs training to build highly engaged teams. We measure progress through quarterly check-ins, a global career framework and regular employee surveys. Company-wide Connect and Engage meetings and “Ask Anything” sessions with senior leaders foster connection, clarity and open-dialogue. Career development is supported through DevelopU, our learning platform, and global regional connection gatherings that combine leadership access with volunteer opportunities. In 2025, we launched a comprehensive AI Literacy Program, a significant investment in our people and our business. Participation in the program is required for employees as part of our broader commitment to responsible AI adoption. This initiative equips employees with the knowledge and skills to leverage AI responsibly and effectively, ensuring Blackbaud remains at the forefront of innovation. The program will continue to evolve in 2026, reinforcing our commitment to future-ready talent.

Our total rewards framework ensures equitable, competitive pay through base salary, variable incentives, equity awards and comprehensive benefits. We support the whole person with enhanced well-being programs, including our award-winning quarterly well-being sessions focused on mental health, resilience and financial health. These sessions, combined with a digital-first mindset, empower employees to make proactive decisions for their health and overall well-being.

We believe inclusion starts at the candidate experience. Today, several employee-led affinity groups represent communities including veterans, LGBTQ+, women in technology and sales, people of color, sustainability advocates, and individuals with disabilities. Participation in these groups grew by 5% in 2025, engaging 45% of our global workforce. Sustainability remains central to our operations. We have achieved carbon neutrality annually since 2021, and continue to drive operational efficiency and look for areas to reduce emissions while providing transparent reporting. In 2025, Blackbaud was recognized by Newsweek as one of the World’s Greenest Companies.

Our culture and purpose earn global recognition:

- Newsweek: America’s Most Responsible Companies 2025
- TIME: America’s Best Mid-Size Companies 2025
- Fast Company: Best Workplaces for Innovators
- 2025 Disability Employer by Disability Solutions

Through philanthropy programs—including matching gifts, volunteer grants, skills-based initiatives and STEM-focused outreach—we empower employees to amplify social impact worldwide.

Blackbaud is an exceptional place to work because we combine purpose, flexibility and innovation to attract, develop and retain top talent. We govern ethically, champion sustainability and foster inclusion—powering our people and our mission to make a difference in the world.

Seasonality

For a discussion of seasonal variations in our business, see “Management’s Discussion and Analysis of Financial Conditions and Results of Operations—Seasonality” in Item 7 of this report.

Working Capital

For a discussion of our working capital practices, see "Management's Discussion and Analysis of Financial Conditions and Results of Operations—Liquidity and Capital Resources" in Item 7 of this report.

Available Information

Our website address is www.blackbaud.com. We make available, free of charge through our website, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC, but other information on our website is not incorporated into this report. The SEC maintains an Internet site that contains these reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov.

Information About Our Executive Officers

The following table sets forth information concerning our executive officers as of February 15, 2026:

Name	Age	Title
Michael P. Gianoni	65	Chief Executive Officer, President and Vice Chairman of the Board
Chad M. Anderson	53	Executive Vice President and Chief Financial Officer
David J. Benjamin	54	Executive Vice President and Chief Commercial Officer
Kevin P. Gregoire	58	Executive Vice President and Chief Operating Officer
Kevin R. McDearis	58	Executive Vice President and Chief Technology Officer
Jon W. Olson	62	Chief Legal Officer

Michael P. Gianoni joined us as Chief Executive Officer and President in January 2014 and was appointed Vice Chairman of the Board in January 2024. Prior to joining us, he served as Executive Vice President and Group President, Financial Institutions at Fiserv, Inc., a global technology provider serving the financial services industry, from January 2010 to December 2013. He joined Fiserv as President of its Investment Services division in December 2007. Mr. Gianoni was Executive Vice President and General Manager of CheckFree Investment Services, which provided investment management solutions to financial services organizations, from June 2006 until December 2007 when CheckFree was acquired by Fiserv. From May 1994 to November 2005, he served as Senior Vice President of DST Systems Inc., a global provider of technology-based service solutions. Mr. Gianoni is a member of the Board of Directors of Teradata Corporation, a publicly traded global big data analytics company, and has been Chairman of the Board since February 2020. Mr. Gianoni has served on several nonprofit boards across several segments, including relief organizations, hospitals and higher education and he currently is a member of the President's Advisory Group at the Medical University of South Carolina. He holds an AS in electrical engineering from Waterbury State Technical College, a BS with a business concentration from Charter Oak State College, and an MBA and an honorary Doctorate from the University of New Haven.

Chad M. Anderson joined Blackbaud in March 2013 and was promoted to Executive Vice President and Chief Financial Officer in April 2025. Prior to his appointment as Executive Vice President and Chief Financial Officer, Mr. Anderson served as the Company's Senior Vice President and Chief Accounting Officer since June 2022 and Vice President and Corporate Controller from March 2013 to May 2022. Prior to joining the Company, Mr. Anderson was Chief Financial Officer of the Europe, Middle East, and Africa region at Brightpoint Inc., a global provider of mobile device lifecycle services to the wireless industry, from March 2009 until February 2013 and Vice President of Finance for International Operations at Brightpoint from February 2008 until March 2009. He holds a BS in Finance from Indiana University.

David J. Benjamin has served as our Executive Vice President and Chief Commercial Officer since July 2022. He joined us as Executive Vice President and President, International Markets Group in April 2018. Prior to joining us, Mr. Benjamin was Senior Vice President and General Manager at Box, a cloud content management platform for businesses, from October 2016 to March 2018. Prior to that, he was Vice President of Global Services at British Telecom, a multinational telecommunications holding company, from October 2007 to September 2016. Prior to that, he was at Guardian Media Group, a mass media company owning various media operations company, where he served as Divisional Chief Operating Officer, among other leadership roles, from June 1995 to September 2007. He holds a BA in European Business from London Metropolitan University and an MBA from The Manchester Metropolitan University.

Kevin P. Gregoire has served as our Executive Vice President and Chief Operating Officer since July 2022. Prior to that, he was the Executive Vice President and President of U.S. Markets since April 2021. He joined us as Executive Vice President and President, Enterprise Markets Group in April 2018. Prior to joining us, Mr. Gregoire was Group President of the Financial Institutions Group at Fiserv, a global technology provider serving the financial services industry, from March 2014 until February 2018. He joined Fiserv in December 2002 and served in other key leadership roles including Division President and Chief Operating Officer, Card Services, and Senior Vice President of Product and Network Strategy. Mr. Gregoire is also a veteran of the United States Army, where he served as Lieutenant in the Corps of Engineers and was awarded three Army Commendation Medals. He holds a BS from the United States Military Academy at West Point, and an MBA from the F.W. Olin School of Business at Babson College.

Kevin R. McDearis has served as our Executive Vice President and Chief Technology Officer since October 2016 and is responsible for the company’s global product and technology portfolio, including cybersecurity. He joined us in August 2014 as our Senior Vice President of Global Product Development. Prior to joining us, Mr. McDearis was the Chief Information Officer at Manhattan Associates, Inc., a technology leader in supply chain and omnichannel commerce, from August 2012 to July 2014. He was responsible for leading a global IT organization in strategy development, organization development, portfolio and project management, software and infrastructure engineering, service delivery and operations. Prior to that, Mr. McDearis served as Chief Technology Officer for the Enterprise Technology Group and other key leadership positions at Fiserv (formerly CheckFree), a global technology provider serving the financial services industry, from October 1996 to August 2012. Mr. McDearis serves on the Board of Directors for the USS Yorktown Foundation. He also served on the Board of Directors of the Technology Association of Georgia from 2011 to 2016 and as Vice Chairman of the Board in 2014. He holds a BS in Management from The Georgia Institute of Technology.

Jon W. Olson has served as our Chief Legal Officer since April 2025 and is responsible for Blackbaud's legal activities. He joined us as Senior Vice President and General Counsel in September 2008. Prior to joining us, he was an attorney with Alcatel-Lucent USA, the U.S. subsidiary of Alcatel-Lucent (now owned by Nokia Corporation) that designs, develops, and builds wireline, wireless, and converged communications networks, from July 1997 to September 2008. Prior to joining Alcatel-Lucent, Mr. Olson was employed in legal positions with MCI, Inc., a global business and residential communications company, from September 1996 to July 1997, and Unisys Corporation, a global information technology company, from July 1992 to September 1996. Mr. Olson is a member of the MUSC (Medical University of South Carolina) Hollings Cancer Center Advisory Board. He holds a BS from Georgetown University, a JD from Dickinson School of Law and an MBA from Seton Hall University.

ITEM 1A. RISK FACTORS

Our business operations face a number of risks. These risks should be read and considered with other information provided in this report.

Strategic Risks

Our failure to compete successfully, including through technology innovations or new and improved solutions, could cause our revenue or market share to decline.

Our market is highly competitive and rapidly evolving, and there are limited barriers to entry for many segments of this market. The companies we compete with and other potential competitors may have greater financial, technical and marketing resources, generate greater revenue and have better name recognition than we do. Also, a large, diversified software enterprise could decide to enter the market directly, including through acquisitions. Competitive pressures can adversely impact our business by limiting the prices we can charge our customers and making the adoption and renewal of our solutions more difficult. Our competitors might also establish or strengthen cooperative relationships with resellers and third-party consulting firms or other parties with whom we have had relationships, thereby limiting our ability to promote our solutions. These competitive pressures could cause our revenue and market share to decline.

In addition, the introduction of solutions encompassing new technologies, such as AI (as discussed below), can render existing solutions obsolete and unmarketable. As a result, our future success will depend, in part, upon our ability to continue to enhance existing solutions and develop and introduce in a timely manner or acquire new solutions that keep pace with technological developments, satisfy increasingly sophisticated customer requirements and achieve market acceptance. If we are unable to develop or acquire on a timely and cost-effective basis new software solutions or enhancements to existing solutions or if such new solutions or enhancements do not achieve market acceptance, we may be unable to compete successfully and our business, results of operations and financial condition may be materially adversely affected.

Because competition for highly qualified personnel is intense, we might not be able to attract and retain key personnel needed to support our planned growth.

To meet our objectives successfully, we must attract and retain highly qualified personnel with specialized skill sets, including with regard to our AI products and our expansion in India, each as discussed in more detail below. If we are unable to attract and retain suitably qualified management, there could be a material adverse impact on our business.

Further, we use equity incentive programs and equity awards in lieu of cash as part of our overall employee compensation agreements to both attract and retain personnel. Declines in our stock price may have in the past negatively impacted, and could again in the future negatively impact, the effectiveness of these equity incentive and related compensation programs as retention and recruiting tools. We may need to create new or additional equity incentive programs and/or compensation packages to remain competitive, which could be dilutive to our existing stockholders and/or adversely affect our results of operations.

The market for software and services for the social impact community might not grow as expected, which would negatively impact the growth of our business.

Many organizations in the social impact community, including nonprofits, foundations, companies, education institutions, and healthcare organizations, have not traditionally used integrated and comprehensive software and services for their specific needs. We cannot be certain that the market for such solutions and services will continue to develop and grow or that these organizations will elect to adopt our solutions and services rather than continue to use traditional, less automated methods, attempt to develop software internally, rely upon legacy software systems, or use software solutions not specifically designed for this market. Organizations that have already invested substantial resources in other fundraising methods or other non-integrated software solutions might be reluctant to adopt our solutions and services to supplement or replace their existing systems or methods. In addition, the implementation of one or more of our software solutions can involve significant capital commitments by our customers, which they may be unwilling or unable to make. If demand for and market acceptance of our solutions and services does not increase, we might not grow our business as we expect.

Our existing customers may not continue to adopt, or renew their subscriptions for, our solutions and services, which could have a material adverse effect on our business, results of operations and financial liquidity.

Our subscription arrangements are generally for a term of three years at contract inception with three-year renewals thereafter, and our maintenance arrangement renewals are generally for a term of three years. While three-year terms remain the standard minimum under our renewal program, a portion of our customers elect to renew for longer terms, including four-year or longer arrangements, which extends the duration over which renewals occur.

As the end of the contract term approaches, we seek the renewal of the agreement with the customer. For example, approximately 40% of our existing customer contracts are due for renewal in 2026, approximately 30% in 2027 and approximately 30% in 2028. To the extent a greater proportion of customers enter into extended-term arrangements, the timing of renewals may become more concentrated in later periods, and while our extended-term arrangements typically include embedded price increases and other contractual terms designed to support economics over the contract term, we may have fewer opportunities in any given year to comprehensively re-price or renegotiate customer relationships.

Historically, subscription and maintenance renewals have represented a significant portion of our total revenue. Because of this characteristic of our business, if our customers choose not to renew their subscriptions or maintenance arrangements with us on beneficial terms or at all, our business, operating results and financial condition could be harmed.

Our customers' renewal rates may decline or fluctuate as a result of a number of factors, including their level of satisfaction with our solutions, services and pricing strategies and their ability to continue their operations and spending levels due to general economic conditions, extraordinary business interruptions, client-specific financial issues or otherwise.

Changes in the U.S. federal or state governmental grant, award or other funding programs could negatively impact the operations of our nonprofit customers, which could have a material adverse effect on our business, results of operations, financial condition and liquidity.

Many of our customers depend in significant part on the U.S. federal and state governments for grants, awards and other funding to maintain their operations. Changes in, or uncertainty regarding, the availability, amount or conditions and restrictions related to such funding could negatively impact our customers’ willingness or ability to purchase our various software solutions due to resulting budgetary or investment capital concerns. Our customers and we must identify, assess and respond to new developments and trends in the legislative, regulatory and political environment while federal and state governments and agencies consider and implement potential funding changes that could materially impact various aspects of the nonprofits’ operations and financial health. We cannot predict the specific terms of any such proposals or changes, whether or when they will be implemented, or their effect on our operations. Certain proposals or changes could, if implemented, have an adverse, material impact on our business, results of operations, financial condition or liquidity.

We are increasingly incorporating AI technology into many of our solutions and services, and evolving regulatory requirements, technological complexity, competitive pressures, market perception and investment demands related to AI could result in operational, financial, reputational and stock price volatility risks to our business.

We are implementing AI features, including generative, predictive, interactive and agentic AI technologies, in many of our solutions and services. The technologies underpinning these features are evolving rapidly and exist in an emerging regulatory environment, which presents regulatory, litigation, ethical, reputational, operational and financial risks, some of which are still unknown.

Many U.S. federal, U.S. state and international governmental bodies and regulators have adopted, or are in the process of developing, new laws and regulations related to the use of AI and machine learning technologies. These have imposed, and may in the future further impose, obligations related to our development, offering and use of AI technologies and expose us to increased risk of regulatory enforcement and litigation. Many of our AI features include the processing of personal data and are, and may be further, subject to laws, policies, legal obligations and codes of conduct related to privacy and data protection. There is uncertainty about the extent to which privacy and data protection laws apply to AI technologies, and any delay in addressing privacy or data protection concerns relating to our AI features may result in liability or regulatory investigations and fines, as well as harm to our sales and reputation. In addition, issues relating to intellectual property rights in AI-generated content have not been fully addressed by the courts, laws or regulations. Accordingly, the implementation of AI technologies into our products and services may result in exposure to claims related to copyright infringement or other intellectual property misappropriation.

Our use of AI technology may also present additional security risks due to embedded security vulnerabilities. Furthermore, many of our AI features may rely on third-party developers and other service providers, and any improper processing of personal data by these service providers could harm our reputation, business or customers, or expose us to legal liability. Also, our sensitive information could be leaked, disclosed or revealed as a result of or in connection with company or vendor use of these technologies generally. Any disruption or failure in our AI systems or infrastructure could result in delays or errors in our operations, which could harm our business and financial results. See also “Item 1A. Risk Factors. Operational Risks” related to breaches of our software and failure to safeguard confidential data in this report.

Blackbaud is actively leveraging agentic AI in the AI features of our solutions and deploying agentic AI for our internal business purposes. Agentic AI differs from traditional AI technologies by making decisions and pursuing business goals autonomously without prompting by humans, sometimes across multiple steps and over time, which may require deployers to give agentic AI access to systems for the purpose of taking such initiative. This presents additional risks, including the possibility of opaque decision making, unique security concerns due to agent permissioning, challenges with monitoring actions and assigning and enforcing accountability.

Our AI technology features may also generate output that is misleading, inaccurate, harmful or otherwise flawed, which may harm our reputation, business or customers, or expose us to legal liability. Also, some AI scenarios present ethical issues. If we enable or offer AI solutions that are controversial because of their purported or actual impact on human rights, privacy, employment or other social issues, we may experience reputational harm and legal liability.

AI technologies require substantial additional investment in the development and maintenance of various models, approaches and processes, as well as development of protections and safeguards for the use of AI technologies, which is expensive and could negatively impact our financial results as we further expand AI technology into our products and services. Likewise, the use of AI technology involves significant technical complexity and requires specialized expertise, which is expected to require increased investment in infrastructure and headcount.

The success of any enhancement or new product depends on many factors, including its relevance to our customers, timely implementation and market acceptance. If our AI-enhanced products and services do not achieve widespread market adoption or there is a reduction in demand due to a lack of customer acceptance, technology challenges, strengthening competition, weakening economic conditions, or security or privacy concerns, our business could be harmed and our financial results could be adversely affected.

We face significant competition from other companies that are developing their own AI-enhanced products and services. Such AI features and technologies may be similar or superior to ours and may be more cost-effective. Furthermore, other parties could have proprietary rights that would interfere with our ability to implement our own AI features. Our AI features also may require access to specific third-party equipment or infrastructure, which availability or pricing we may not be able to control.

Market perception of the role and impact of AI on technology companies may adversely affect our stock price, regardless of our actual operating performance. Investor sentiment regarding artificial intelligence has become a significant driver of valuation for technology companies, and perceptions about whether a company is effectively developing, deploying, or monetizing AI technologies may materially influence market expectations and our stock price. If investors, analysts, customers or other market participants believe that our AI strategy, capabilities, pace of innovation or competitive positioning are insufficient, less differentiated than those of our competitors, or fail to keep pace with rapidly evolving AI technologies, our stock price could decline, even if our business performance and financial results remain strong. Conversely, heightened expectations regarding the benefits of AI could result in increased volatility in our stock price if our actual AI-related results, timelines, adoption rates, or financial returns differ from market expectations. Shifts in broader market sentiment regarding AI technologies, including changes in investor confidence, regulatory developments, high-profile failures or controversies involving AI, or a reassessment of the economic value of AI investments across the technology sector, could also negatively impact our valuation and increase stock price volatility independent of our operating results.

It is not possible to predict all of the risks related to the use of AI technology. Although we aim to develop and use AI responsibly and attempt to identify and mitigate ethical and legal issues presented by its use, we may be unsuccessful in identifying or resolving issues before they arise, which may affect our ability to develop and use AI or subject us to legal liability.

If we do not successfully address the risks inherent in the expansion of our international operations, including in India, our business could suffer.

We currently have non-U.S. operations primarily in the U.K., Canada, Australia, Costa Rica and India, and we intend to expand further into international markets. Expansion of our international operations has required, and will continue to require, a significant amount of attention from our management and substantial financial resources and might require us to add qualified management in these markets. For example, we are currently expanding our operations in India, which we expect will give us greater access to talent, and increase the number of our employees, including management, in India. We have rented office space in India to accommodate those new operations, although we do not currently expect to generate revenue in India in the foreseeable future. Our direct sales model requires us to attract, retain and manage qualified sales personnel capable of selling into markets outside the United States. In some cases, our costs of sales might increase if our customers require us to sell through local distributors. In addition, there is intense competition in India for skilled technology personnel, and we expect such competition to increase. As a result, we may be unable to retain our current employees in India or to hire additional new employees in India. If we are unable to grow our international operations in a cost-effective and timely manner, our business and operating results could be harmed.

Increases in our international revenues denominated in foreign currencies subject us to fluctuations in foreign currency exchange rates. The expansion of our international operations has increased, and is expected to continue to increase, our exposures to gains and losses on foreign currency transactions. (See Foreign Currency Exchange Rates on page 59 for more information regarding the impact of foreign currency exchange rates on our operations.)

Doing business internationally involves additional risks that could harm our operating results. Along with risks similar to those faced by our U.S. operations, our international operations are also subject to risks related to differing legal, political, social and regulatory requirements and economic conditions, including:

- the imposition of additional withholding taxes or other tax on our foreign income, tariffs or restrictions on foreign trade or investment, including currency exchange and capital expropriation controls;
- greater risk of a failure of our employees and partners to comply with both U.S. and foreign laws, including antitrust regulations, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act of 2010, and any trade regulations ensuring fair trade practices;
- greater risk of failure to comply with foreign country employment or other human resources laws and regulations;
- the imposition of, or unexpected adverse changes in, foreign laws or regulatory requirements, including those pertaining to export restrictions, privacy and data protection, trade and employment restrictions and intellectual protections; and
- general business disruptions caused by geopolitical situations and developments including, for example, in India, which has experienced in the past, and may again experience, civil unrest and terrorism and has, and may again, been involved in conflicts with other countries, such as the recent conflict with Pakistan.

Unfavorable media coverage related to peer-to-peer fundraising campaigns on our social platforms could negatively impact our business.

Our online social giving platforms receive a high degree of media coverage for particularly news-worthy or controversial fundraising campaigns, as well as for our fee-based business model. Although our terms of service provide express limitations on the platforms' user-initiated fundraising campaigns and reserve our right to remove content that violates our terms of service, it may not always be possible to remove such content prior to it receiving attention in the media. Negative publicity related to our online social giving platforms could have an adverse effect on the size, engagement and loyalty of our user base and could result in decreased revenue, which could adversely affect our business and financial results.

Acquisitions could be difficult to consummate and integrate into our operations, and they could disrupt our business, dilute stockholder value or impair our financial results.

As part of our business strategy, we, from time to time, seek to grow our business through acquisitions of new or complementary businesses, technologies or products that we believe can improve our ability to compete in our existing customer markets or allow us to enter new markets. The potential risks associated with acquisitions and investment transactions include, but are not limited to:

- failure to realize anticipated returns on investment, cost savings and synergies;

- difficulty in assimilating the operations, policies and personnel of the acquired company;
- unanticipated costs associated with acquisitions;
- challenges in combining product offerings and entering into new markets in which we may not have experience;
- distraction of management's attention from normal business operations;
- potential loss of key employees of the acquired company;
- difficulty implementing effective internal controls over financial reporting, disclosure controls and procedures and cybersecurity and data protection procedures;
- impairment of relationships with customers or suppliers; and
- issues not discovered in due diligence, which may include product quality issues or legal or other contingencies.

For example, following our acquisition of EVERFI, Inc ("EVERFI") in December 2021, we were unable to realize the anticipated returns on our investment prior to our disposition of the business in December 2024 due to certain of the reasons listed above.

Acquisitions may also result in potentially dilutive issuances of equity securities, the incurrence of debt and contingent liabilities, the expenditure of available cash, and amortization expenses or write-downs related to intangible assets such as goodwill, any of which could have a material adverse effect on our operating results or financial condition. For example, in December 2024, we recorded a material noncash impairment charge related to EVERFI (See Note 3 to our consolidated financial statements in this report for more information).

We may experience risks relating to the challenges and costs of closing a business combination and the risk that an announced business combination may not close. There can be no assurance that we will be successful in making additional acquisitions in the future or in integrating or executing on our business plan for existing or future acquisitions.

A reduction in the growth or amount of charitable giving due to deteriorating general economic conditions, a recession or otherwise could adversely affect our operating results and financial condition.

A large percentage of our customers are nonprofits, foundations, education institutions, healthcare organizations and other members of the social impact community that fully or partially rely on charitable donations. If charitable giving, including online giving, does not continue to grow or declines, it could limit our current and potential customers' ability to use and pay for our solutions and services, which could adversely affect our operating results and financial condition.

In addition, we derive a significant portion of our revenue from transaction-based payment processing fees that we collect from our customers through our Blackbaud Integrated Payments solution, which enables our customers' donors to make donations and purchase goods and services using various payment options. A reduction in the growth of, or a decline in, charitable giving to these customers, whether due to deteriorating general economic conditions, the impact of past or future changes to applicable tax laws, or otherwise, could negatively impact the volume and size of such payment processing transactions and thereby adversely affect our operating results and financial condition.

Our failure to obtain licenses for, or our use of, third-party technologies could harm our business.

We expect to continue licensing technologies from third parties, including applications used in our research and development activities, technologies that are integrated into our solutions and solutions that we resell. We believe that the loss of any third-party technologies currently integrated into our solutions could have a material adverse effect on our business. Our inability in the future to obtain any third-party licenses on commercially reasonable terms, or at all, could delay future solution development until equivalent technology can be identified, licensed or developed and integrated. This inability in turn could harm our business and operating results.

Our use of third-party technologies also exposes us to increased risks including, but not limited to, risks associated with the integration of new technology into our solutions, the diversion of our resources from development of our own proprietary technology and our inability to generate revenue from licensed technology sufficient to offset associated acquisition and maintenance costs.

Operational Risks

Breaches of our software, our failure to securely collect, store and transmit customer information, or our failure to safeguard confidential donor data, including, for example, the Security Incident described below, exposes us to liability, litigation, government investigations, penalties and remedial costs and our reputation and business could suffer.

Fundamental to the use of our solutions is the secure collection, storage and transmission of confidential donor, customer and end user data, personally identifiable information and transaction data, including in our payment services. Despite the network, application and physical security procedures and internal control measures we employ to safeguard our systems, we have been, and in the future may be, vulnerable to a security breach, intrusion, loss or theft of confidential donor data and transaction data, which has in the past harmed and may in the future harm our business, reputation and future financial results. Furthermore, our reliance on remote access to information systems increases our exposure to potential cybersecurity incidents.

Like virtually all major businesses, we are, from time to time, a target of cyberattacks, such as the Security Incident (as described below and in Note 11 to our consolidated financial statements in this report), information systems interruptions, phishing, social engineering schemes and other systems disruptions. We expect these threats to continue, some of which have been, and in the future may be, successful to varying degrees. Because the numerous and evolving cybersecurity threats used to obtain unauthorized access, disable, degrade or sabotage systems have become increasingly more complex and sophisticated, it may be difficult to anticipate these acts or to detect them for periods of time, as with the Security Incident, and we may be unable to respond adequately or timely. As these threats continue to evolve and increase, we have already devoted and expect to continue to devote significant resources in order to modify and enhance our security controls and to identify and remediate any security vulnerabilities.

A compromise of our data security, such as the Security Incident, that results in customer or customer constituent personal or payment card data being obtained by unauthorized persons could adversely affect our reputation with our customers and others, as well as our operations, results of operations, financial condition and liquidity and has resulted in, and could in the future result in, litigation against us, government investigations or the imposition of fines and penalties. (See Note 11 to our consolidated financial statements in this report for information regarding litigation, government investigations, fines and penalties related to the Security Incident.) We have been, and in the future might be, required to expend significant additional capital and other resources to rectify problems caused by a security breach, including notification under data privacy laws and regulations, and incur expenses related to remediating our information security systems.

Even though we carry cyber-technology insurance policies that provide insurance coverage under certain circumstances, we have in the past suffered losses and may in the future suffer losses as a result of a security breach that significantly exceed the coverage available under our insurance policies or for which we do not have coverage. (See Note 11 to our consolidated financial statements in this report for expense and insurance coverage information related to the Security Incident.) Furthermore, in the future such insurance may not be available on commercially reasonable terms, or at all. A security breach and any efforts we make to address such breach could also result in a disruption of our operations, particularly our online sales operations.

The occurrence of actual cyber security events, such as the Security Incident, could magnify the severity of the adverse effects of future incidents on our business. The techniques used to obtain unauthorized access, disable or degrade service, or sabotage information systems can be difficult to detect for long periods of time and can involve difficult or prolonged assessment or remediation periods even once detected. We, therefore, cannot assure you that all potential causes of past significant incidents, including the Security Incident, have been fully identified and remediated. The steps we take may not be sufficient to prevent future significant incidents and, as a result, such incidents may occur again.

A material example of the foregoing risks is the ransomware attack that in May 2020 during which a cybercriminal removed a copy of a subset of data from our self-hosted environment (the “Security Incident”).

As a result of the Security Incident, we received approximately 260 specific requests from customers for reimbursement of expenses incurred by them related to the Security Incident, approximately 400 reservations of the right to seek expense recovery in the future from customers or their attorneys in the U.S., U.K. and Canada related to the Security Incident and notices of proposed claims on behalf of a number of U.K. data subjects, all of which have been fully resolved and closed or are inactive and are considered by us to have been abandoned. In addition, insurance companies representing various customers’ interests through subrogation claims contacted us, and certain insurance companies filed subrogation claims in court, of

which two cases remain active and unresolved. We also were a defendant in putative consumer class action cases in U.S. and Canadian courts alleging harm from the Security Incident, all of which have now been resolved.

In addition, the Company reached a settlement with the SEC that fully resolved an SEC investigation of the Security Incident; entered into separate, substantially similar Administrative Orders with each of 49 state Attorneys General and the District of Columbia that fully resolved a multi-state Civil Investigative Demand and the separate Civil Investigative Demand from the Office of the Indiana Attorney General relating to the Security Incident; reached a settlement with the U.S. Federal Trade Commission (the "FTC") in connection with the Security Incident; and agreed to a Final Judgment and Permanent Injunction with the Attorney General of the State of California (the "California Judgment") relating to the Security Incident. In addition, we received notices of governmental actions or investigations by the U.S. Department of Health and Human Services, the Office of the Australian Information Commissioner and the Office of the Privacy Commissioner of Canada, each of which we now believe are now longer active actions or investigations.

The terms of the California Judgment, FTC Order, the Attorneys General Administrative Orders and our settlement with the SEC require that we implement and maintain certain processes and programs and comply with certain legal requirements related to cybersecurity and data protection. Effectively implementing, monitoring and updating these requirements has been, and is expected to be over an extended period of time, expensive and time-consuming. Our failure to do so in accordance with the terms of our agreements with FTC, the Attorneys General and with the SEC, and possibly others, could expose us to additional material liability under the terms of the Administrative Orders, the SEC settlement, or otherwise.

Furthermore, significant management time and Company resources have been, and are expected to continue to be, devoted to the Security Incident.

In addition, publicity or developments related to the Security Incident could in the future have a range of other adverse effects on our business or prospects, including causing or contributing to loss of customer confidence, reduced customer demand, reduced customer retention, strategic growth opportunities, and associated retention and recruiting difficulties, some or all of which could be material.

Climate change and other natural disasters, new regulations and standards and climate-related goals have impacted, and may in the future impact, our operations and financial performance.

The long-term effects of climate change on the global economy and our industry may impact our business operations and those of our suppliers, customers and partners. Climate change increases the severity and frequency of extreme weather events such as hurricanes, wildfires, floods, heat waves or power shortages, all of which could lead to business disruptions. The locations of our principal executive offices, our data centers and our operations in India are vulnerable to the effects of climate events and other natural disasters, including hurricanes, heat waves, floods and earthquakes, which we have experienced in the past. In addition, the effects of climate change are harder to mitigate for our Remote-Flexible workforce, which exposes the Company to business disruption. Even though we carry business interruption insurance policies and typically have provisions in our commercial contracts that protect us in certain events, we might suffer losses as a result of business interruptions that exceed the coverage available under our insurance policies or for which we do not have coverage. Any natural disaster or catastrophic event affecting us could have a significant negative impact on our operations.

New regulations and standards relating to public disclosure, including proposed new rules related to climate change, could adversely impose significant costs on us to comply with such regulations.

Finally, a failure to meet our climate-related goals, such as our commitment and progress towards reduction of greenhouse gas emissions, could damage our reputation, affect our financial performance and impact our ability to attract and retain talent.

Defects, delays or interruptions in our cloud solutions and hosting services could diminish demand for these services and subject us to substantial liability.

We currently utilize data center hosting facilities to provide cloud solutions to a significant number of our subscription customers and hosting services to our on-premise license customers. Any damage to, or failure of, these data center systems generally could result in interruptions in service to our customers, notwithstanding any business continuity or disaster recovery agreements that may currently be in place at these facilities. As noted above, our executive offices, some of our data centers and our operations in India are located in areas that are vulnerable to the effects of climate change and could be subject to increased interruptions as a result of the severity and increased frequency of extreme weather events such as

hurricanes, wildfires, floods, heat waves, or power shortages. Because our cloud solutions and hosting service offerings are complex and we have incorporated a variety of new computer hardware and software systems at our data centers, our services might have errors or defects that users identify after they begin using our services. This could result in unanticipated downtime for our customers and harm to our reputation and business results. Internet-based services sometimes contain undetected errors when first introduced or when new versions or enhancements are released. We have from time to time found defects in our web-based services and new errors might again be detected in the future. In addition, our customers might use our Internet-based offerings in unanticipated ways that cause a disruption in service for other customers attempting to access their data.

For example, on July 19, 2024, CrowdStrike Holdings, Inc. ("CrowdStrike"), which provides cybersecurity services to millions of Microsoft Windows systems worldwide, including to certain Windows systems operated by Blackbaud, implemented a software update to its Falcon sensor software that was flawed and caused Falcon to crash, thereby causing widespread crashes of Windows systems into which it was integrated, including certain Windows systems used by us and certain of our customers (the "CrowdStrike Event"). As a result, some of our customers were unable to access certain of our services and solutions, including our payments processing solutions. We evaluated the actual impact of the CrowdStrike Event on Blackbaud, both directly and indirectly due to the impact on our customers, and deemed it to be immaterial.

Because our customers use these services for important aspects of their businesses, any defects, delays or disruptions in service or other performance problems with our services, such as the CrowdStrike Event, could hurt our reputation and damage our customers' businesses. If that occurs, customers could elect to cancel their service, delay or withhold payment to us, not purchase from us in the future or make claims against us, which could result in an increase in our provision for credit losses, an increase in collection cycles for accounts receivable or the expense and risk of litigation. Any of these could harm our business and reputation.

Material defects or errors in the software we use to deliver our services could harm our reputation, result in significant costs to us and impair our ability to sell our services.

The software applications underlying our services are inherently complex and may contain material defects or errors, particularly when first introduced or when new versions or enhancements are released. We have from time to time found defects in our software, and new errors in our existing software may be detected in the future.

After the release of our software, defects or errors may also be identified from time to time by our internal team and our customers. The costs incurred in correcting any material defects or errors in our software may be substantial and could harm our operating results. Furthermore, our customers may use our software together with solutions from other companies. As a result, when problems occur, it might be difficult to identify the source of the problem. Even when our software does not cause these problems, the existence of these errors might cause us to incur significant costs, divert the attention of our technical personnel from our solution development efforts, impact our reputation and cause significant customer relations problems.

If we are unable, or our customers believe we may be unable, to detect and prevent unauthorized use of payment card or other private financial or personal information, or are otherwise unable to effectively manage our payment processing business, we could be subject to financial liability, our reputation could be harmed and customers may be reluctant to use our solutions and services.

Our solutions provide our customers payment processing capabilities that enable their constituents to make donations and purchase services using numerous payment options, including credit card and automated clearing house ("ACH") checking transactions, through secure online transactions. The provision of convenient, trusted, fast and effective payment processing services to our customers and potential customers is critical to our business, and revenue from payments processing constitutes a significant percentage of our total revenue. Increases in payment processing fees, material changes in our payment processing systems, changes to rules or regulations concerning payments or disruptions or failures in our payment processing systems or payment products, including products we use to update payment information, could materially adversely impact our customer retention and results of operation. In addition, from time to time, we encounter fraudulent use of payment methods that could result in substantial additional costs or delay, preclude planned transactions, product launches or improvements, require significant and costly operational changes, impose restrictions, limitations, or additional requirements on our business, products and services, prevent or limit us from providing our products or services in a given market and adversely impact customer retention. Furthermore, we continue to undertake system upgrades designed to improve the availability, reliability, resiliency and speed of our payments systems. These efforts are costly and time-

consuming, involve significant technical complexity and risk, may divert our resources from new features and products and may ultimately not be effective.

The rules of payment card associations in which we participate require that we comply with Payment Card Industry Data Security Standard ("PCI DSS") in order to preserve security of payment card data. Under PCI DSS, we are required to adopt and implement internal controls over the use, storage and security of payment card data to help prevent card fraud. Conforming our solutions and services to PCI DSS or other payment services related regulations or requirements imposed by payment networks or our customers or payment processing partners is expensive and time-consuming. However, failure to comply may subject us to fines, penalties, damages and civil liability, may impair the security of payment card data in our possession, and may harm our reputation and our business prospects, including by limiting our ability to process transactions. All Blackbaud products in scope for PCI DSS compliance meet applicable PCI DSS security requirements.

In addition, we routinely subject our various data protection processes and controls to voluntary third-party review, audit or reporting, including, for example, the American Institute of Certified Public Accountants' System and Organization Controls reporting. Failure to conduct these voluntary data protection process and control reviews or to obtain and maintain audits or reports covering our data protection processes and controls may harm our reputation or our business prospects and our ability to market our solutions to our customers.

Financial Risks

Because a significant portion of our revenue is recognized over time on a ratable basis over the contract term, downturns in sales may not be immediately reflected in our revenue.

We generally recognize our subscription and maintenance revenue ratably over time over the contract term. Our subscription arrangements are generally for a term of three years at contract inception with three-year renewals thereafter. Our maintenance arrangement renewals are generally for a term of three years. As a result, much of the revenue we report in each quarter is attributable to arrangements entered into during previous quarters. Consequently, a decline in sales to new customers, renewals by existing customers or market acceptance of our solutions in any one quarter will not necessarily be fully reflected in the revenues in that quarter and could negatively affect our revenues and profitability in future quarters.

We have maintained an elevated leverage position, primarily due to stock repurchases, and we may increase our leverage in the future in connection with acquisitions or other business purposes, which could adversely impact our business and financial performance.

As part of our capital allocation strategy and stock repurchase program, we incurred a substantial amount of indebtedness to fund the ASR Transaction in March 2024 and other stock repurchases. As a result of this indebtedness and other borrowings, our interest payment obligations increased and our leverage ratio (as defined in our 2024 Credit Facilities) rose during 2024 and continued to increase into early 2025, reaching a peak of 2.91 to 1.00 as of March 31, 2025. Although our leverage ratio declined modestly during the remainder of 2025, it remained elevated at 2.52 to 1.00 as of December 31, 2025. Absent our ongoing repurchase activity, our leverage ratio would have declined further, as such activity continues to contribute to maintaining a higher level of leverage. In addition, we incurred certain operating expenses associated with our Security Incident, some of which were funded through borrowings.

The degree to which we are leveraged could have adverse effects on our business, including the following:

- Requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions, dividends, stock repurchases and other general corporate purposes;
- Increasing the amount of interest we pay, particularly if interest rates increase;
- Limiting our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;
- Restricting us from making additional strategic acquisitions or exploiting business opportunities;
- Placing us at a competitive disadvantage compared to our competitors that have less debt;
- Reducing our currently available borrowing capacity or limiting our ability to borrow additional funds; and
- Decreasing our ability to compete effectively or operate successfully under adverse economic and industry conditions.

If we incur additional debt, these risks may intensify. Our ability to meet our debt service obligations will depend upon our future performance, which will be subject to the financial, business and other factors affecting our operations, many of which are beyond our control.

In addition, additional leverage could impact our ability to meet certain financial and other covenants contained in our 2024 Credit Facilities, which increased our total borrowing capacity from $1.1 billion to $1.5 billion. (See Note 9 to our consolidated financial statements in this report for a more detailed description of our 2024 Credit Facilities.) There can be no assurance that we will be able to remain in compliance with the covenants to which we are now subject or may be subject in the future and, if we fail to do so, that we will be able to obtain waivers from our lenders or amend the covenants.

In the event of a default under our 2024 Credit Facilities, we could be required to immediately repay all outstanding borrowings, which we might not be able to do and which would materially negatively affect our business, operations and financial condition.

Our balance sheet includes significant amounts of goodwill and intangible assets. The impairment of a significant portion of these assets, such as the EVERFI impairment charges, could negatively affect our operating results.

As of December 31, 2025, we had $1.1 billion and $106.7 million of goodwill and intangible assets, respectively. On at least an annual basis, we assess whether there have been impairments in the carrying value of goodwill and intangible assets. If the carrying value of an asset is determined to be impaired, then it is written down to fair value by a noncash charge to operating earnings. Changes in circumstances that could indicate that the carrying value of goodwill or intangible assets may not be recoverable include declines in our stock price, market capitalization, cash flows and slower growth rates in our industry. We cannot accurately predict the likelihood or potential amount and timing of any impairment of goodwill or other intangible assets. An impairment of a significant portion of goodwill or intangible assets, such as the EVERFI impairment charges discussed in Note 4 to our consolidated financial statements in this report, have in the past, and could in the future, materially and negatively affect our results of operations and financial condition.

Restrictions in our credit facility limit certain of our activities, including dividend payments, stock repurchases and acquisitions.

Our credit facility contains restrictions, including covenants limiting our ability to incur additional debt, grant liens, make acquisitions and other investments, prepay specified debt, consolidate, merge or acquire other businesses, sell assets, pay dividends and other distributions, repurchase stock and enter into transactions with affiliates. There can be no assurance that we will be able to remain in compliance with the covenants to which we are subject in the future and, if we fail to do so, that we will be able to obtain waivers from our lenders or amend the covenants.

In the event of a default under our credit facility, we could be required to immediately repay all outstanding borrowings, which we might not be able to do. In addition, certain of our material domestic subsidiaries are required to guarantee amounts borrowed under the credit facility, and we have pledged the shares of certain of our subsidiaries as collateral for our obligations under the credit facility. Any such default could have a material adverse effect on our ability to operate, including allowing lenders under the credit facility to enforce guarantees of our subsidiaries, if any, or exercise their rights with respect to the shares pledged as collateral.

We cannot guarantee that our stock repurchase program will be fully consummated or that it will enhance long-term stockholder value. Stock repurchases could also increase the volatility of the trading price of our stock and will diminish our cash reserves and increase our debt.

Although our board of directors has authorized a stock repurchase program that does not have an expiration date, the program does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares of our common stock. We have, from time to time, repurchased stock under this program and re-initiated repurchases under the program in the fourth quarter of 2023 after a two-year hiatus. We cannot guarantee that the program will be fully consummated or that it will enhance long-term stockholder value. The program could affect the trading price of our stock and increase volatility, and any announcement of a termination of this program may result in a decrease in the trading price of our stock. In addition, implementation of some or all of this program diminishes our cash reserves and/or increases our debt, which may impact our ability to finance future growth and to pursue possible future strategic opportunities and acquisitions. (See Note 14 to our consolidated financial statements in this report for additional information related to our stock repurchase program, including authorization amount, shares purchased, amounts paid and shares remaining available for purchase.)

During 2025, we have continued to be subject to 1% U.S. federal excise taxes on share repurchases. This tax liability will vary depending on various factors, including the amount and frequency of any stock repurchases and any permitted reductions or exceptions to the amount subject to the tax. Any resulting increase in our tax obligation or cash taxes paid could adversely affect our financial position and cash flows.

We have recorded significant deferred tax assets, and we might never realize their full value, which would result in a charge against our earnings.

As of December 31, 2025, we had deferred tax assets of $125.6 million. As of December 31, 2025, we have retained a valuation allowance against our U.S. net deferred tax assets. Realization of our deferred tax assets is dependent upon our generating sufficient taxable income in future years to realize the tax benefit from those assets. Deferred tax assets are reviewed at least annually for realizability. A charge against our earnings would result if, based on the available evidence, it is more likely than not that some portion of the deferred tax asset will not be realized beyond our existing valuation allowance. This could be caused by, among other things, deterioration in performance, adverse market conditions, adverse changes in applicable laws or regulations, including changes that restrict the activities of or affect the solutions sold by our business and a variety of other factors. If a deferred tax asset net of our valuation allowance was determined to be not realizable in a future period, the charge to earnings would be recognized as an expense in our results of operations in the period the determination is made. Additionally, if we are unable to utilize our deferred tax assets, our cash flow available to fund operations could be adversely affected.

Depending on future circumstances, it is possible that we might never realize the full value of our deferred tax assets. Any future impairment charges related to a significant portion of our deferred tax assets would have an adverse effect on our financial condition and results of operations.

Legal and Compliance Risks

Privacy and data protection concerns, including evolving domestic and international government regulation in the area of consumer data privacy or data protection, could adversely affect our business and operating results.

The effectiveness of our software solutions relies on our customers' storage and use of data concerning their customers, including financial, personally identifying or other sensitive data. Our customers' collection and use of this data for donor profiling, data analytics or communications outreach might raise privacy and data protection concerns and negatively impact the demand for our solutions and services. For example, our custom modeling and analytical services rely heavily on processing and using data we gather from customers and various sources. Privacy and data protection laws could add restrictions or regulatory burdens, which could limit our ability to market and profit from those services.

Governments in some jurisdictions have enacted or are considering enacting consumer data privacy or data protection legislation, including laws and regulations applying to the solicitation, collection, transfer, processing and use of personal data. This legislation could reduce the demand for our software solutions if we fail to design or enhance our solutions to enable our customers to comply with the privacy and data protection measures required by the legislation. Moreover, we may be exposed to liability under existing or new consumer privacy or data protection legislation. For example, when providing our solutions to certain customers in the healthcare industry, we must comply with applicable provisions of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), and might be subject to similar provisions of other legislation, including, without limitation, the Gramm-Leach-Bliley Act and related regulations, and the California Consumer Privacy Act of 2018 and related regulations, and may apply to some of our customers and areas of business. Even technical violations of these laws may result in penalties that are assessed for each non-compliant transaction.

We, and some of our customers, are subject to the E.U. General Data Protection Regulation (“GDPR”) and U.K. data protection law, known as the "U.K. GDPR." The law requires companies to meet requirements regarding the handling of personal data, including rights such as the portability of personal data. All solutions we sell to customers subject to GDPR must include GDPR features. The implementation of GDPR has affected our ability to offer some features and services to customers in the E.U. and U.K. Furthermore, actions and investigations by regulatory authorities related to data security incidents and privacy violations continue to increase, which have impacted us, and could in the future further impact us, through increased costs or restrictions on our business, and noncompliance could result in significant regulatory penalties and legal liability.

If our customers or we were found to be subject to and in violation of any privacy or data protection laws or regulations, our business may be materially and adversely impacted and we and/or our customers would likely have to change our business

practices. In addition, these laws and regulations could impose significant costs on our customers and us and make it more difficult for donors to make online donations. (See "Item 1A. Risk Factors. Operational Risks" in this report regarding the Security Incident and related risks.)

We are in the information technology business, and our solutions and services store, retrieve, transfer, manipulate and manage our customers' information and data. The effectiveness of our software solutions relies on our customers' storage and use of data concerning their donors, including financial, personally identifying and other sensitive data and our business uses similar systems that require us to store and use data with respect to our customers and personnel. Our collection and our customers' collection and use of this data might raise privacy and data protection concerns and negatively impact our business or the demand for our solutions and services. If a breach of data security, such as the Security Incident, were to occur, or other violation of privacy or data protection laws and regulations were to be alleged, our business may be materially and adversely impacted and solutions may be perceived as less desirable, which would negatively affect our business and operating results.

Claims that we or our technologies infringe upon the intellectual property or other proprietary rights of a third party may require us to incur significant costs, enter into royalty or licensing agreements or develop or license substitute technology.

We have been, and may in the future be, subject to claims that the technologies in our solutions and services infringe upon the intellectual property or other proprietary rights of a third party. In addition, the vendors providing us with technology that we use in our own solutions could become subject to similar infringement claims. Although we believe that our solutions and services do not infringe any intellectual property or other proprietary rights, we cannot be certain that our solutions and services do not, or that they will not in the future, infringe intellectual property or other proprietary rights held by others. Any claims of infringement could cause us to incur substantial costs to defend against the claim, even if the claim is without merit, and could distract our management from our business. Moreover, any settlement or adverse judgment resulting from the claim could require us to pay substantial amounts, or obtain a license to continue to use the technology and services that are the subject of the claim, and/or otherwise restrict or prohibit our use of the same. There can be no assurance that we would be able to obtain a license on commercially reasonable terms from the third party asserting any particular claim, or that we would be able to successfully develop alternative technology on a timely basis, or that we would be able to obtain a license from another provider of suitable alternative technology to permit us to continue offering, and our customers to continue using, the solutions and services. In addition, we generally provide in our customer arrangements for certain solutions and services that we will indemnify our customers against third-party infringement claims relating to technology we provide to those customers, which could obligate us to pay damages if the solutions and services were found to be infringing. Infringement claims asserted against us, our vendors or our customers may have a material adverse effect on our business, prospects, financial condition and results of operations.

Our solutions utilize open source software, which may subject us to litigation, require us to re-engineer our solutions, or otherwise divert resources away from our development efforts.

We use open source software in connection with certain of our solutions. Such open source software is generally licensed by its authors or other third parties under open source licenses, including, for example, the GNU General Public License, the GNU Lesser General Public License, "Apache-style" licenses, "BSD-style" licenses and other open source licenses. There is little legal precedent governing the interpretation of many of the terms of some of these licenses and, therefore, the potential impact of these terms on our business is currently unable to be determined and may result in unanticipated obligations regarding our solutions and technologies. From time to time, companies that incorporate open source software into their products have faced claims challenging the ownership of open source software and/or compliance with open source license terms. Therefore, we could be subject to litigation by parties claiming ownership of open source software or noncompliance with open source licensing terms. Some open source software licenses require users who distribute open source software as part of their own software to publicly disclose all or part of the source code to such software and/or make available any derivative works of the open source code on unfavorable terms or at no cost. While we monitor our use of open source software and try to ensure that none is used in a manner that would require us to disclose the source code or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur and we may be required to release proprietary source code, pay damages for breach of contract, re-engineer our applications, discontinue sales in the event re-engineering cannot be accomplished on a timely basis, or take other remedial action that may divert resources away from our development efforts, any of which could adversely affect our business.

We rely upon trademark, copyright, patent and trade secret laws to protect our proprietary rights, which might not provide us with adequate protection.

Our success and ability to compete depends to a significant degree upon the protection of our proprietary technology rights. We might not be successful in protecting our proprietary technology, particularly in non-U.S. jurisdictions, and our proprietary rights might not provide us with a meaningful competitive advantage. To protect our core proprietary technology, we rely on a combination of patent, trademark, copyright and trade secret laws, as well as nondisclosure agreements, each of which affords only limited protection.

Changing domestic and international laws, government regulations and policies, laws limiting or restricting our ability to pass card charges on to customers and other similar laws and regulations, could adversely affect our business and operating results by increasing compliance costs, reducing customer demand for our solutions or damaging our reputation.

Certain of our solutions, in particular our financial management and payment services solutions, relate to activity heavily regulated by government agencies in the U.S., the U.K., Canada and other countries in which we operate. The laws and regulations enforced by these agencies are proposed or enacted to deter fraud and other illicit financial transactions and to protect consumers and the financial system and are often revised or increased in scope. We have procedures and controls in place to monitor compliance with numerous federal, state and foreign laws and regulations. However, because these laws and regulations are complex, differ between jurisdictions, and are often subject to interpretation, or as a result of unintended errors, we may, from time to time, inadvertently violate these laws and regulations. Compliance with these laws and regulations is expensive and requires the time and attention of management. These costs divert capital and focus away from efforts intended to grow our business. If we do not successfully comply with laws, regulations, or policies, we could incur fines or penalties, be subject to litigation, lose existing or new customer contracts or other business, and suffer damage to our reputation.

Provisions in our organizational documents, certain officer compensation arrangements and Delaware law may delay or prevent an acquisition or change of control of our Company that could be deemed beneficial to our stockholders.

Certain provisions in our organizational documents, compensation arrangements with our officers and Delaware law (as summarized below) may have the effect of delaying, deferring, discouraging or preventing an acquisition or change in control of the Company or a change in our management. This includes tender offers for our common stock, proxy contests or other takeover attempts. These anti-takeover effects may discourage transactions that might result in the payment of a premium over the market price for shares of our common stock. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging takeover attempts in the future.

Certificate of Incorporation and Bylaw provisions. The Board of Directors is divided into three classes of directors, as nearly equal in number as possible, with each class serving a staggered term of three years. The classification of directors will have the effect of making it more difficult and time-consuming for stockholders to change the composition of the Board of Directors, could discourage a third-party from making a tender offer or otherwise attempting to obtain control of the Company and may maintain the incumbency of the Board of Directors.

Our Bylaws contain an advance notice procedure for stockholders proposals to be brought before a meeting of stockholders, including any proposed nominations of persons for election to the Board of Directors. The Bylaws may have the effect of precluding the conduct of business at a meeting if the proper procedures are not followed and may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of the Company.

The Board of Directors has the authority to issue up to an aggregate of 20,000,000 shares of preferred stock in one or more classes or series and to determine, with respect to any such class or series, the designations, powers, preferences and rights of such class or series, and the qualifications, limitations and restrictions thereof, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption (including sinking fund provisions), redemption prices, liquidation preferences, and the number of shares constituting any class or series or the designation of such class or series, without further vote or action by the stockholders. This preferred stock could have terms that may discourage a potential acquirer from making, without first negotiating with the Board of Directors, an acquisition attempt through which such acquirer may be able to change the composition of the Board of Directors, including a tender offer or other takeover attempt. For example, the Company issued in 2022 to holders of Common Stock, and subsequently cancelled in 2024, rights to acquire shares of its Series A Junior Participating Preferred Stock (the “Series A Preferred Stock”). The Rights would have become exercisable if an

entity, person or group acquires beneficial ownership of 20% or more of the outstanding Common Stock in a transaction not approved by the Board of Directors at a price, and in a manner, that would have likely made any takeover or change of control attempt by such entity, person or group prohibitively expensive. Additional information regarding the Rights Agreement and its termination is contained in the Company's Current Reports on Form 8-K filed with the SEC on October 2, 2023, January 26, 2024 and March 18, 2024 and in the Company's Form 8-A/A filed with the SEC on March 18, 2024.

The Board of Directors possesses the authority to call and hold emergency special meetings of the Board of Directors with less than forty-eight hours' notice. This power to hold an emergency special meeting of the Board of Directors on short notice could discourage a potential acquirer from launching a bid to acquire majority ownership of the Company, a proxy solicitation in order to replace the current Board of Directors, or otherwise attempting to obtain control of the Company.

Officer Compensation Arrangements. We have entered into an employment agreement with our Chief Executive Officer and retention agreements with certain of our officers, which provide that, upon the occurrence of a change in control of us and either the termination of their employment without cause (as defined) or their resignation for good reason (as defined), such persons would be entitled to certain termination or severance payments made by us (which may include a lump sum payment equal to defined percentages of compensation and accelerated vesting of certain equity stock awards paid in accordance with the terms and conditions of the respective agreement). Such provisions could significantly increase the costs to a third-party acquirer and/or deter such third-party from acquiring us.

Delaware anti-takeover law. We are subject to Section 203 of the Delaware General Corporation Law, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation, such as the Company, from engaging in a "business combination" with an "interested stockholder" for a period of three years following the date the person became an interested stockholder, unless certain criteria are met. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns, or is an affiliate or associate of the corporation, and within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation's voting stock.

Changes in our effective tax rate and additional tax liabilities, including those related to our stock repurchases, and global tax developments may impact our financial results.

We are subject to income taxes in the United States and various other jurisdictions. Significant judgment is often required in the determination of our worldwide provision for income taxes. Our effective tax rate could be impacted by changes in our earnings and losses in countries with differing statutory tax rates, changes in operations, changes in non-deductible expenses, changes in excess tax benefits of stock-based compensation, changes in the valuation of deferred tax assets and liabilities and our ability to utilize them, the applicability of withholding taxes, effects from acquisitions, and changes in accounting principles and tax laws. Any changes, ambiguity or uncertainty in taxing jurisdictions' administrative interpretations, decisions, policies and positions could also materially impact our income tax liabilities.

We may also be subject to additional tax liabilities and penalties due to changes in non-income-based taxes resulting from changes in U.S. federal, state, provincial, local or international tax laws, changes in tax laws in taxing jurisdictions' administrative interpretations, decisions, policies and positions, results of tax examinations, settlements or judicial decisions, changes in accounting principles, or changes to our business operations, including as a result of acquisitions and dispositions. For example, recent U.S. federal tax legislation continues to create uncertainty in our tax position, cash tax obligations, and financial results. The One Big Beautiful Bill Act ("OBBBA"), enacted on July 4, 2025, represents the most recent example of how rapidly evolving tax laws can materially affect our tax profile. Under Accounting Standards Codification ("ASC") 740, we recognized the impact of the first phase of OBBBA in the third quarter of 2025, including a downward adjustment to our valuation allowance and a reduction in our estimated annual effective tax rate due to the permanent restoration of immediate expensing of U.S. research and development expenditures. OBBBA also affected our deferred tax assets and liabilities, with an immediate net impact and expected material effects in fiscal years 2026 and 2027 as additional phases become effective.

We are also subject to tax examinations or engaged in alternative resolutions in multiple jurisdictions. While we regularly evaluate new information that may change our judgment resulting in recognition, derecognition or changes in measurement of a tax position taken, there can be no assurance that the final determination of any examinations will not have an adverse effect on our operating results or financial position.

As we utilize our tax credits and net operating loss carryforwards, we may be unable to mitigate our tax obligations to the same extent as in prior years, which could have a material impact to our future cash flows. In addition, changes to our operating structure, including changes related to acquisitions, may result in cash tax obligations.

Global tax developments applicable to multinational businesses may have a material impact to our business, cash flow from operating activities, or financial results. Such developments, for example, may include certain United States' proposals as well as the Organization for Economic Co-operation and Development's ("the OECD"), the European Commission's and certain major jurisdictions' heightened interest in and taxation of companies participating in the digital economy. The OECD's Pillar Two global minimum tax framework may materially impact our effective tax rate, cash tax obligations, and financial results. More than 140 jurisdictions have endorsed the OECD/G20 Inclusive Framework's Pillar Two rules, implementing a 15% global minimum tax through the Income Inclusion Rule, Undertaxed Profits Rule, and Qualified Domestic Minimum Top-Up Taxes ("QDMTTs"). Several jurisdictions in which we operate have enacted or are in the process of enacting these rules, and others may do so in future years. As these rules continue to evolve, our global tax profile may be subject to significant variability and additional compliance burden.

We currently expect to qualify for at least one of the OECD Transitional Safe Harbors, which include the simplified effective tax rate ("ETR") test, routine profits test, and de minimis test. If we qualify, this would reduce or defer Pillar Two exposure during the transition period. However, qualification depends on jurisdiction-level financial data, ongoing interpretations, and annual testing requirements. Safe-harbor eligibility may change from year to year based on operating performance, local statutory developments, or new administrative guidance. Accordingly, there can be no assurance that we will qualify for one or more safe harbors in future periods.

In addition, the United States has entered into “side-by-side” agreements with other Inclusive Framework members, under which each jurisdiction may apply its domestic minimum-tax regime (such as the U.S. corporate alternative minimum tax ["CAMT"] under the Inflation Reduction Act) in parallel with Pillar Two rules. These agreements do not provide an exemption from Pillar Two for U.S.-headed multinational groups; instead, they increase the likelihood that U.S. rules and foreign QDMTTs will apply concurrently. This new regime goes into effect for years starting in 2026.

Because Pillar Two calculations rely on jurisdiction-specific adjusted financial statement income, deferred-tax adjustments, substance-based exclusions, and intercompany-transaction rules, the application of these rules may significantly increase the complexity of our global tax computations. Future guidance, data-requirements, safe-harbor expirations, or differences in local implementation may result in additional tax expense, increased volatility in our effective tax rate, or new compliance and reporting obligations. Any such developments could materially impact our provision for income taxes, cash flows, and overall financial results.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

Overview of Processes for Assessing, Identifying and Managing Material Cyber Risks

Because technology, data and information security is a top priority at Blackbaud, we maintain and continuously assess and strengthen our cybersecurity program. Comprehensive cybersecurity risk management, including identification, analysis and response to risks affecting our business and its customers, provides the foundation for our program. Our cybersecurity program has been and will continue to be further enhanced by our compliance with the settlement of governmental investigations relating to the Security Incident. See Note 11 to the consolidated audited financial statements contained in this report for additional information regarding the Security Incident.

We utilize a four-prong strategy for assessing, identifying and managing material risks from cybersecurity threats:

1. ***Operational security:*** We leverage the industry standard CIA Triad Model in conjunction with comprehensive industry control frameworks, compliance regulations, privacy requirements and best practices, including: the National Institute of Standards and Technology ("NIST") Cybersecurity Framework, PCI DSS, System and Organization Controls ("SOC") 1, SOC 2, GDPR, HIPAA, the Trans-Atlantic Data Privacy Framework and Cloud Security Alliance.

2. ***Product security:*** Our development teams take part in regular training and use industry best practices to build security into our solutions.

3. ***Incident response:*** We monitor the threat landscape 24/7 in coordination with a third-party firm, routinely test our incident response capabilities and preparedness and maintain proactive relationships with law enforcement.

4. ***Ongoing landscape analysis:*** We continually evaluate upcoming and changing data privacy regulations and provide thought leadership for our customers on the operational impacts of these regulations and compliance requirements.

We believe that information and technology security is a shared responsibility and, therefore, incorporate data and privacy protection education into the customer experience through ongoing resources such as best practices content, one-on-one consultations with customer success managers and bbcon® sessions. We also participate in global communities and conference platforms to share information and present on best practices to improve the industry's security awareness posture. In addition, Blackbaud employees are all engaged in on-going security and privacy awareness training campaigns to ensure they are empowered to protect both Blackbaud's and our customers' data.

Integration into Overall Risk Management System or Processes

Consistent with our prioritization of information and technology protection, cybersecurity risk management has been and remains a key aspect of our overall business strategy, financial planning and capital allocation and a point of ongoing emphasis at all levels of our Company. Our enterprise risk management ("ERM") framework integrates our information technology and data management systems and related policies and practices into the larger framework to help guide and prioritize our cybersecurity and information technology-related investments, activities and risk management strategy. At least annually, we review cybersecurity risk as part of our ERM processes and integrate those findings into our overall strategy. Additionally, our cybersecurity program is further integrated with our overall risk management program through our Chief Information Security Officer's ("CISO") participation in such governance structures as our Risk Steering Committee and our Disclosure Committee, both of which are described in detail below.

Engagement of Third Parties

We regularly engage outside consultants and experts to assist us regarding our cybersecurity program. Engagements include an annual NIST Cybersecurity Framework assessment to ensure a reasonable cybersecurity program and retained leading external cybersecurity Incident Response (IR) experts.

Risks from Third-Party Service Providers and Others

Blackbaud also maintains a defined program and dedicated team that provides security oversight of its third-party service providers. This program assesses and manages risk at the onboarding phase of engagement with third-party vendors and partners as well as oversight throughout the lifecycle of the vendor relationship.

Risks from Cybersecurity Threats; Actual and Potential Material Impact

In addition, we continuously learn from and leverage experience gained from previous cybersecurity incidents that we, like many other companies, have experienced. As previously disclosed, we were subject to a ransomware attack against us in May 2020 in which a cybercriminal removed a copy of a subset of data from our self-hosted environment. As a result of the Security Incident, we were subject to various legal proceedings, claims, inquiries and investigations, the resolution of which resulted in material adverse judgments, settlements, fines, penalties or other resolutions. See Note 11 to the consolidated audited financial statements contained in this report for additional information regarding the Security Incident and its impact on the Company.

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

Governance

Management's Assessment and Management of Cybersecurity Threats

Our multi-level cybersecurity governance and risk management structure begins with our Risk Evaluation & Enterprise Framework ("REEF") Committee consisting of cross-functional management representatives throughout our Company. The REEF Committee receives detailed cybersecurity information from key security personnel and reports at least quarterly up through our Risk Steering Committee, which is made up of executives and senior management from various Blackbaud departments: Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Information Officer, Chief Technology Officer, Chief Legal Officer, Chief Privacy Officer and CISO, who has extensive information technology and program management experience. Our CISO has served in various roles of increasing responsibility in information technology and information security for more than 25 years, including serving in various cybersecurity leadership roles at private companies. He holds two undergraduate degrees—one in business administration and the other in computer information systems—and a graduate degree in information systems, maintains multiple cybersecurity industry recognized certifications and is an alumnus of the FBI CISO Academy. Cybersecurity leaders reporting to our CISO also have significant information technology and information security experience and industry recognized certifications.

Additionally, our cybersecurity Incident Response plan timely informs our Cybersecurity Incident Subcommittee on active cybersecurity incidents that are potentially material. The Cybersecurity Subcommittee determines cybersecurity materiality and is made up of our Chief Legal Officer, CISO and Senior Director of SEC Reporting. Our Cybersecurity Incident Subcommittee is part of our Disclosure Committee, which is appointed by Chief Executive Officer and Chief Financial Officer to assist our executives in their responsibility for oversight of the accuracy and timeliness of the disclosures made by Blackbaud.

Board Oversight

The Risk Steering Committee reports to the Risk Oversight Committee of our Board of Directors at the regular quarterly meetings, or more frequently as needed. The Risk Oversight Committee's duties include, among other things, oversight of risks related to information technology security. The Risk Oversight Committee communicates as appropriate with the full Board of Directors, which is ultimately responsible for cybersecurity risk oversight.

ITEM 2. PROPERTIES

We own our LEED Gold certified global headquarters facility in Charleston, South Carolina, which consists of approximately 172,000 square feet. We believe that it is in good operating condition and adequately serves our current business operations. As a Remote-Flexible workforce company, we have leased a significant portion of the office space in our global headquarters facility to unrelated third parties. In June 2025 and January 2026, we signed leases as lessee for 69,058 and 45,370 square feet, respectively, of office space in Hyderabad, India to support our business operations in India. In February 2025, we were released from our lease for office space in Washington, DC (which was acquired as part of our acquisition of EVERFI in December 2021). For additional information, see Note 11 to our consolidated financial statements in this report.

ITEM 3. LEGAL PROCEEDINGS

For a discussion of our legal proceedings, see Note 11 to our consolidated financial statements in this report.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

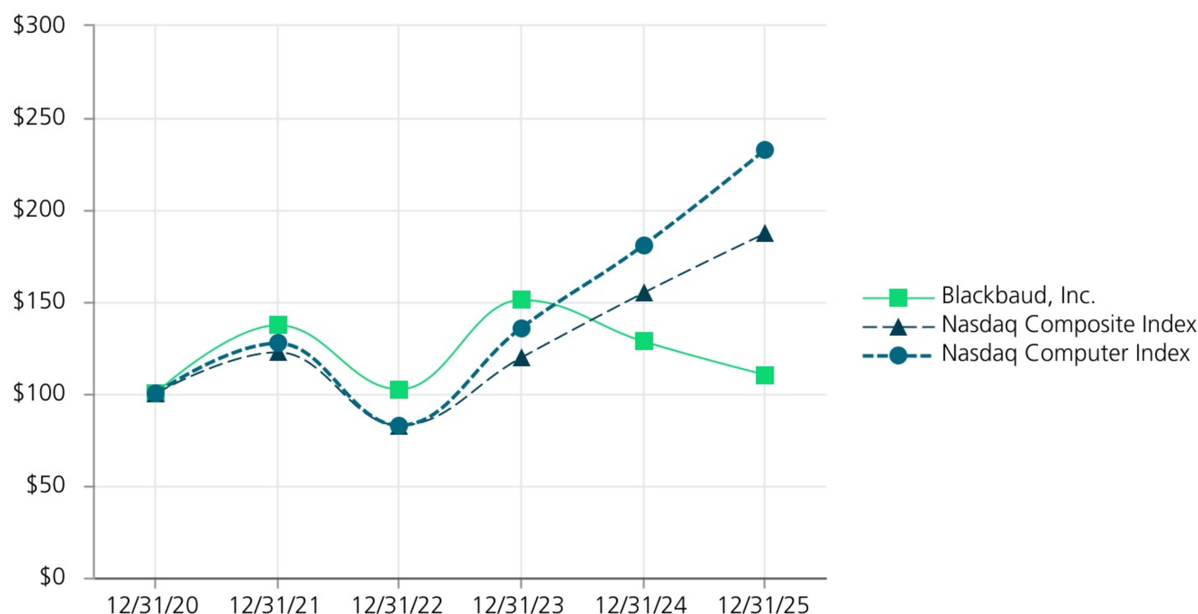
PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is trading on the Nasdaq Stock Market LLC ("Nasdaq") under the symbol "BLKB." According to the records of our transfer agent, as of February 9, 2026, there were approximately 95 stockholders of record of our common stock. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, this number is not representative of the total number of beneficial owners of our stock. On February 9, 2026, the closing price of our common stock was $48.25.

Stock Performance Graph

The following performance graph shall not be deemed to be "soliciting material" or "filed" or incorporated by reference in future filings with the SEC, or subject to the liabilities of Section 18 of the Exchange Act except as shall be expressly set forth by specific reference in such filing. The performance graph compares the performance of our common stock to the Nasdaq Composite Index and the Nasdaq Computer Index. The graph covers the most recent five-year period ended December 31, 2025. The graph assumes that the value of the investment in our common stock and each index was $100.00 at December 31, 2020, and that all dividends are reinvested.



December 31,	2020	2021	2022	2023	2024	2025
Blackbaud, Inc.	$100.00	$137.21	$102.26	$150.63	$128.42	$110.01
Nasdaq Composite Index	100.00	122.18	82.43	119.22	154.48	187.14
Nasdaq Computer Index	100.00	127.00	82.52	135.30	180.76	232.70

Issuer Purchases of Equity Securities

The following table provides information about shares of common stock acquired or repurchased during the three months ended December 31, 2025 under our stock repurchase program as then in effect, as well as common stock withheld by us to satisfy the minimum tax obligations of employees due upon vesting of restricted stock awards and units.

Period	Total number of shares purchased[(1)]	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs (in thousands)[(2)]
Beginning balance, October 1, 2025				$ 514,399
October 1, 2025 through October 31, 2025	250,738	$ 64.15	249,464	498,394
November 1, 2025 through November 30, 2025	458,121	58.50	455,939	471,724
December 1, 2025 through December 31, 2025	660,648	62.34	659,891	960,569
Total	1,369,507	$ 61.39	1,365,294	$ 960,569

(1) Includes 4,213 shares (1,274 in October, 2,182 in November and 757 in December) withheld by us to satisfy the minimum tax obligations of employees due upon vesting of restricted stock awards and units. The level of this acquisition activity varies from period to period based upon the timing of award grants and vesting.

(2) In December 2025, our Board of Directors reauthorized, expanded and replenished our stock repurchase program by raising the total capacity under the program from $800.0 million to $1.0 billion available for repurchases. The program does not have an expiration date.

Dividends

We have not declared or paid any cash dividends on our common stock since the first quarter of 2020, and we do not presently plan to pay cash dividends on our common stock in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of our board of directors after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs, outstanding indebtedness, plans for expansion and restrictions imposed by our debt arrangements, if any.

ITEM 6. [RESERVED]

ITEM 7. 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 Item 1A Risk factors and our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. The following discussion and analysis presents financial information denominated in millions of dollars which can lead to differences from rounding when compared to similar information contained in the consolidated financial statements and related notes, which are primarily denominated in thousands of dollars.

Executive Summary

We are the world's leading provider of AI-powered solutions for social impact. Serving nonprofits, educational institutions, companies committed to corporate social responsibility and individual change makers, we propel impact at scale with the sector's most intelligent solutions for fundraising and engagement, education solutions, financial management and CSR and grantmaking. We have operations in the United States, Australia, Canada, Costa Rica, India and the United Kingdom, supporting users in 100+ countries.

Our revenue is primarily generated from the following sources: (i) charging for the use of our software solutions in cloud and hosted environments; and (ii) providing payment and transaction services.

Operating Initiatives Supporting Long-Term Growth and Margin Improvement

- *Product Innovation and Delivery*

  A central element of our long-term strategy is the disciplined integration of AI across our products, platform and internal operations, which management views as foundational to driving operating leverage, enhancing customer outcomes and supporting sustainable growth over time.

  Our product innovation efforts have focused on two primary areas: (i) advancing AI across the portfolio, and (ii) enhancing product connectivity and interoperability to streamline customer workflows. These enhancements are designed to help customers improve fundraising outcomes while reducing administrative burden.

  Through our multi-year Intelligence for Good® initiative, we continue to integrate machine learning and AI-driven capabilities into our products to improve efficiency and support better outcomes for our customers. Our machine learning features for prospect identification have been adopted by more than half of Raiser's Edge NXT® customers. We have also introduced generative AI features across multiple products, primarily supporting the composition of donor and constituent communications.

  In late 2025, we released Blackbaud AI Chat, which provides contextual responses within our solutions and assists users in completing tasks more efficiently. At bbcon®, our annual user conference in October 2025, we launched Agents for Good™, our agentic AI suite, designed to augment customer teams with virtual AI-driven assistants capable of autonomously executing complex workflows across fundraising, finance and corporate impact functions. These innovations expand the ways customers can use our solutions and are expected to contribute to future bookings, product adoption and customer retention.

- *Targeting Mid-Single-Digit Revenue Growth*

  <u>Contractual Recurring Revenue (~64% of total revenue)</u>

  Contractual recurring revenue is driven by new-customer bookings, cross-sell and upsell activity within our existing customer base and the retention of existing customer revenue. Our sales organization includes teams focused on both new logo acquisition and expansion within existing customers. In addition to these motions, our new product opportunities (such as Agents for Good discussed above) provide our customer account teams with incremental solutions

to sell into existing customers. These three motions—new logo, cross-sell/upsell, and new product—support our multi-year “land and expand” strategy.

Most of our software customers now operate on standard three-year contract terms with mid-to-high single-digit price increases at renewal and embedded annual price increases. These terms provide improved revenue visibility and are expected to contribute to stability in retention rates. Revenue from these arrangements is generally recognized ratably over the contract term.

While our contract renewal program is designed around three-year terms, more than 20% of renewing customers have elected to enter into four-year or longer contracts. Accordingly, our customer base is primarily composed of three-year contracts, with over 20% of customers committed under extended-term arrangements, which contributes to revenue visibility while extending the duration over which renewals occur.

Because revenue from these contractual arrangements is recognized ratably over the contract term, changes in contract duration affect the period over which revenue is recognized but do not change the pattern of revenue recognition within the contract. To the extent contracts include embedded annual price escalators, the total fees attributable to the subscription-based software solutions are recognized on a straight-line basis over the term of the arrangement, resulting in a more even pattern of revenue recognition over longer periods. Accordingly, period-over-period revenue growth continues to be driven primarily by the retention of existing customer revenue, combined with new bookings, expansion activity and contractual renewals with price increases and embedded annual price escalators over the contractual term. Extended-term arrangements contribute to improved visibility into future revenue and cash flows.

Renewal performance can vary from year to year due to the size and composition of renewal cohorts. Approximately 40% of our existing customer contracts are due for renewal in 2026, compared to approximately 30% in 2027 and approximately 30% in 2028. The contractual annual recurring revenue dollars up for renewal associated with the 2026 renewal cohort are approximately 40% higher than those up for renewal in 2025, reflecting the normal progression of our multi-year contract renewal cycle and the timing of customer renewals. Because the 2026 cohort is meaningfully larger, we may experience higher churn dollars in that year relative to prior years. These cohort dynamics are a normal part of our renewal cycle and can influence year-over-year revenue trends, even when underlying customer retention patterns remain stable.

Transactional Recurring Revenue (~34% of total revenue)

Transactional recurring revenue is diversified across multiple activity types. The primary components of this revenue stream—and their associated products—include:

- **Donation Processing (~55%)** - support by *Blackbaud Integrated Payments*, which powers donation activity across our fundraising and CRM solutions.
- **Consumer Giving (~20%)** - driven by *JustGiving*, which facilitates individual, peer-to-peer and community-driven giving.
- **Tuition Management (~20%)** - generated through *Blackbaud Tuition Management*, which processes tuition, fees and related financial transactions for K-12 private schools.
- **Event-based Usage (~5%)** - derived from usage-based transactions across certain registration, ticketing and event-related workflows within our product suite.

The diversity of these underlying transaction types has contributed to consistent high-single-digit growth in transactional recurring revenue in recent years. In certain periods, transactional recurring revenue may benefit from temporary increases in charitable giving related to isolated events, which can contribute to short-term variability in transaction volumes. Future growth in this category will depend on volume (e.g., donation activity, giving behavior, tuition payments), same-store volume trends, the shift toward donor online giving, customer adoption of our payments capabilities and pricing optimization initiatives.

Certain components of transactional revenue—as with the broader social good sector—are influenced by external factors such as giving patterns, macroeconomic conditions and seasonal activity.

We have experienced continued growth in donation processing, consumer giving and tuition management, have implemented targeted rate increases across select areas of our payments portfolio, and are executing additional

optimization initiatives intended to enhance the donor experience and support long-term transactional revenue expansion.

- *Operating Efficiency and Margin Improvement*

  We are focused on improving operating efficiency and enhancing profitability over time. This includes actions to optimize our workforce, improve productivity, modernize our technology platform and simplify our cost structure. Consistent with this focus, we are applying AI across our internal operations as a tool to support productivity, scalability and operational effectiveness over time.

  We have taken several steps to improve efficiency in recent years, including reductions in headcount, optimization of our real estate footprint, renegotiation of key vendor contracts, continued migration of our product infrastructure to public cloud environments and planned closure of our two remaining legacy private data centers. We are also deploying AI-enabled tools across our internal operations, including research and development, customer operations and general and administrative functions, to automate routine activities, accelerate workflows and support internal productivity, while maintaining appropriate controls and governance.

  As part of our multi-year global workforce strategy, we are expanding our global footprint through the continued build-out of our Global Capability Center ("GCC") in Hyderabad, India. This expansion enhances our access to talent, enables labor arbitrage while maintaining a high quality of work, and supports a follow-the-sun operating model. Our adoption of AI complements this strategy by informing how we assess roles, skill requirements and productivity opportunities as our operating model evolves.

  Beginning in 2024, we have relied on a combination of (i) insourcing certain roles previously performed by third parties into the GCC, (ii) evaluating roles and required skill sets, including opportunities created through our adoption of AI, to determine whether positions that become vacant through attrition should be backfilled within the GCC, and (iii) opportunistically transitioning additional roles to the GCC. We expect to continue this approach as we execute the next phase our global workforce strategy through 2027.

  In connection with these efforts, we currently expect to incur pre-tax GCC workforce transition costs of $6 million to $8 million in 2026, consisting primarily of severance and other employee transition-related expenses. These costs will be recognized as incurred as impacted employees are notified and related services are received. Because planning for later phases of this multiyear initiative remains ongoing, our current estimates relate only to expected costs in 2026. We expect to provide updates as planning progresses.

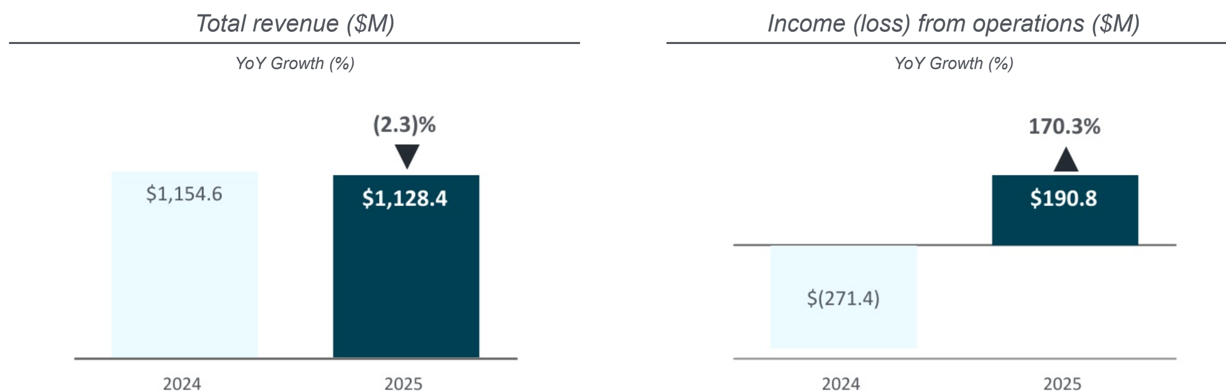
  We expect the actions taken in 2026, together with later phases of the initiative, to begin generating operating cost efficiencies starting in 2027, although the timing and magnitude of these benefits will depend on the pace of execution, role transitions, technology adoption and other operational factors.

- *Stock repurchase program*

  On December 1, 2025, our Board of Directors reauthorized, expanded and replenished our stock repurchase program by raising the total capacity under the program from $800.0 million to $1.0 billion available for repurchases. The program does not have an expiration date and authorizes the repurchase of shares from time to time in accordance with applicable laws, including through open market transactions, transactions under Rule 10b5-1 trading plans, and privately negotiated transactions. The timing and amount of repurchases are determined based on a variety of factors, including market and business conditions, the trading price of our common stock and alternative uses of capital, and the program may be limited, suspended or discontinued at any time without prior notice.

On December 2, 2025, we announced an increase in our expected fiscal year 2025 stock repurchase range to between 7.0% and 8.5% of our outstanding common stock as of December 31, 2024. During the year ended December 31, 2025, we repurchased 3,337,844 shares for $214.0 million. Including net share settlement of employee stock compensation, these repurchases represented approximately 7.9% of our outstanding common stock as of December 31, 2024. As of December 31, 2025, $960.6 million remained available for repurchases under the program. During 2026, we intend to repurchase between 5.0% and 10.0% of our outstanding common stock as of December 31, 2025 under our existing stock repurchase program. Over the long term, we expect stock repurchases to remain an important component of our capital allocation strategy, subject to market conditions, business performance, leverage considerations, and other factors. We anticipate utilizing at least 50% of our free cash flow from 2026 to 2030 for stock repurchases. See discussion of our Non-GAAP Financial Measures below.

Financial Summary



Total revenue decreased by $26.3 million during 2025, driven largely by the following:

- Decrease in contractual recurring revenue of $52.7 million, primarily related to our sale of EVERFI which represented $82.6 million; partially offset by growth of $29.8 million due to the positive impact of our pricing initiatives and new subscription sales of our cloud solutions.
- Decrease in one-time consulting revenue of $4.2 million primarily due to our sale of EVERFI Limited in March 2024 and, to a lesser extent, fewer sales of implementation services.

\+ Increase in transactional recurring revenue of $30.6 million primarily due to increases in volume for our Blackbaud Integrated Payments and Blackbaud Tuition Management and, to a lesser extent, positive results related to pricing initiatives; also contributing to the increase in transactional recurring revenue during the year ended December 31, 2025 was an increase related to fluctuations in foreign currency exchange rates of $2.8 million.

For information on the impact of foreign currency fluctuations on our financial results, see Foreign Currency Exchange Rates below on page 59.

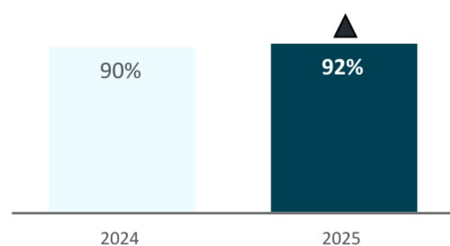
Income from operations increased by $462.1 million during 2025, driven largely by the following:

+ Pre-tax loss on disposition of EVERFI, during the year ended December 31, 2024, of $405.4 million, including noncash impairment charges of $390.2 million, which did not reoccur during 2025. See Note 4 to our consolidated financial statements in this report for additional details.
+ Decrease in compensation costs other than stock-based compensation of $42.0 million primarily due to our sale of EVERFI
+ Decrease in amortization of intangible assets from business combinations of $30.6 million largely due to the previously disclosed impairment charge related to our EVERFI asset group in December 2024, which primarily included finite-lived intangible assets
+ Decrease in Security Incident-related expenses of $10.6 million largely related to decreases in loss contingency accruals. See Note 11 to our consolidated financial statements in this report for our discussion of the Security Incident.
+ Decrease in third-party contractor costs of $10.6 million primarily due to our sale of EVERFI, partially offset by increased spending for AI features embedded in our solutions
+ Decrease in advertising costs of $4.4 million primarily due to our sale of EVERFI
+ Decrease in stock-based compensation expense of $12.1 million primarily due to a decrease in the grant date fair value of equity award grants, and to a lesser extent, our sale of EVERFI; partially offset by an increase primarily due to estimated overall Company performance against 2025 goals
+ Decrease in rent expense of $3.9 million primarily related to our release from our lease for office space in Washington, DC in February 2025
- Decrease in total revenue, as described above
- Increase in acquisition and disposition-related costs within general and administrative expenses of $19.8 million primarily related to our release from our lease for office space in Washington, DC in February 2025
- Decrease of $7.5 million in software development costs that were required to be capitalized under generally accepted accounting principles ("GAAP"), primarily due to our sale of EVERFI
- Increase in transaction-based costs of $5.4 million related to the increase in the volume of transactions for which we process payments and, to a lesser extent, increases in vendor rates
- Increase in third-party software costs of $3.3 million primarily related to investments in our internal cybersecurity program

We are continuing to make investments in the business in areas such as innovation, AI, cybersecurity and our continued shift of cloud infrastructure to leading public cloud service providers.

We continuously seek opportunities to optimize our portfolio of solutions to focus time and resources on innovation that will have the greatest impact for our customers and the markets we serve, and drive the highest return on investment. To that end, we will continue to simplify and rationalize our portfolio through product sunsets and divestitures of non-core businesses and technologies.

Gross dollar retention



Our recurring subscription contracts are typically for a term of three years at contract inception with standard three-year renewals thereafter. A key factor to our overall success is the renewal and expansion of our existing subscription agreements with our customers. Management uses gross dollar retention in analyzing our success at delighting our customers with innovative and cloud solutions. Gross dollar retention is defined as contracted annual recurring revenue ("CARR") divided by beginning CARR with a measurement period of twelve months. During 2025, our gross dollar retention was approximately 92%. This gross dollar retention rate increased over our rate for the full year ended December 31, 2024 primarily due to our sale of EVERFI. Changes in the amount of contractual annual recurring revenue up for renewal in a given period may impact absolute churn dollars even when customer renewal rates remain relatively consistent from year to year. We are continually investing in innovation, which we believe will support gross dollar retention over the long-term.

Balance sheet and cash flow

At December 31, 2025, our cash and cash equivalents were $38.9 million. Under the 2024 Credit Facilities, the carrying amount of our debt was $1.1 billion and our net leverage ratio was 2.52 to 1.00.

During 2025, we generated $265.6 million in cash flow from operations, had a net increase in borrowings of $34.7 million, returned $214.0 million to stockholders by way of share repurchases and had aggregate cash outlays of $62.0 million for purchases of property and equipment and capitalized software development costs.

On July 4, 2025, the United States enacted the OBBBA, which introduced significant changes to U.S. tax law. See Note 12 to our consolidated financial statements in this report for more information. OBBBA impacts meaningfully contributed to reducing U.S. cash taxes in 2025. We expect to continue to see meaningful reductions to cash taxes through 2027. U.S. state OBBBA conformity considerations (which continue to evolve as the states address the new Federal tax legislation) and the phase-in of the OBBBA international tax provisions in 2026 may continue to affect this cash reduction.

Results of Operations

Reportable segment

We report our operating results and financial information in one operating and reportable segment. See Note 16 to our consolidated financial statements in this report for additional information.

Comparison of 2025 vs. 2024

For information regarding the comparison of 2024 to 2023, please refer to Part II Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC on February 21, 2025.

Disposition

As previously disclosed, on December 31, 2024, we disposed of our EVERFI business, formerly a wholly owned subsidiary of Blackbaud, Inc, to a private investment firm that is unaffiliated with Blackbaud for nominal cash consideration. The results of operations of EVERFI are not included in our consolidated results of operations subsequent to the date of disposition.

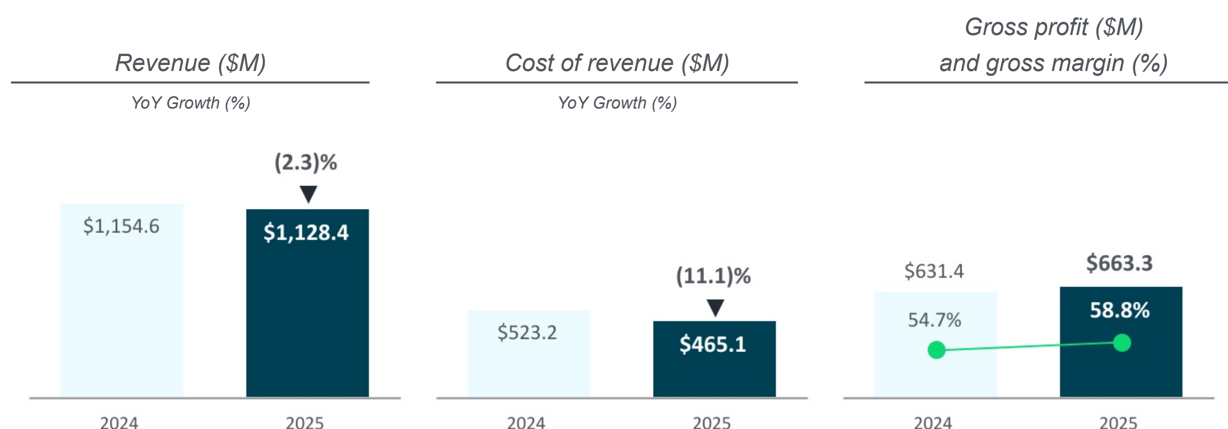
Reclassifications

Our revenue from "recurring" and "one-time services and other" have been combined within "revenue" beginning in 2025 due to the immateriality of our one-time services and other revenue. In order to provide comparability between periods presented, our “recurring“ and “one-time services and other" revenue lines have been combined within “revenue" in the previously reported consolidated statements of comprehensive income to conform to the presentation of the current period. Similarly, "cost of recurring" and "cost of one-time services and other" have been combined within "cost of revenue" in the previously reported consolidated statements of comprehensive income to conform to the presentation of the current period.

Revision of Prior Period Financial Statements

During the third quarter of 2025, we identified a prior period noncash error related to the previously recorded valuation allowance in accounting for income taxes. We have revised previously issued financial statements to correct this error, along with other immaterial prior period errors. None of the revisions were considered material to the prior periods impacted, as disclosed in Note 13 to our unaudited, condensed consolidated financial statements contained in our Quarterly Report on Form 10-Q filed with the SEC on November 3, 2025. All amounts in Item 2 of this filing are provided as revised.

Revenue and Cost of Revenue



Our revenue includes three components: contractual recurring, transactional recurring and one-time services and other.

- Contractual recurring revenue is primarily comprised of fees for the use of our subscription-based software solutions, which includes providing access to cloud solutions, including cloud solutions that incorporate AI-enabled functionality, online training programs and subscription-based analytic services. Contractual recurring revenue also includes fees from maintenance services for our on-premises solutions.
- Transactional recurring revenue is comprised of fees and voluntary donor contributions (to offset processing fees) associated with the use of our solutions, including donation processing, tuition management, consumer giving and event-based usage.
- One-time services and other revenue is comprised of fees for one-time consulting, analytic and onsite training services, and fees for retained and managed services contracts that we do not expect to have a term consistent with our cloud solution contracts.

Cost of revenue is primarily comprised of compensation costs for customer support, production IT, professional services and onsite training personnel, hosting and data center costs, third-party contractor expenses, third-party royalty and data expenses, allocated depreciation, facilities and IT support (including cybersecurity) costs, amortization of intangible assets from business combinations, amortization of software development costs, transaction-based costs related to payments services including remittances of amounts due to third-parties, data expense incurred to perform one-time analytic services and other costs incurred in providing support, recurring services and onsite customer training to our customers.

Our customers continue to prefer cloud subscription offerings with integrated analytics, training and payment services. We intend to continue focusing on innovation, quality and integration of our cloud solutions, which we believe will drive future revenue growth.

2025 vs. 2024

Revenue decreased by $26.3 million, or 2.3%. For a discussion of our changes in revenue, see "Revenue" above starting on page 41 in this report.

Cost of revenue decreased by $58.1 million, or 11.1%, driven primarily by the following:

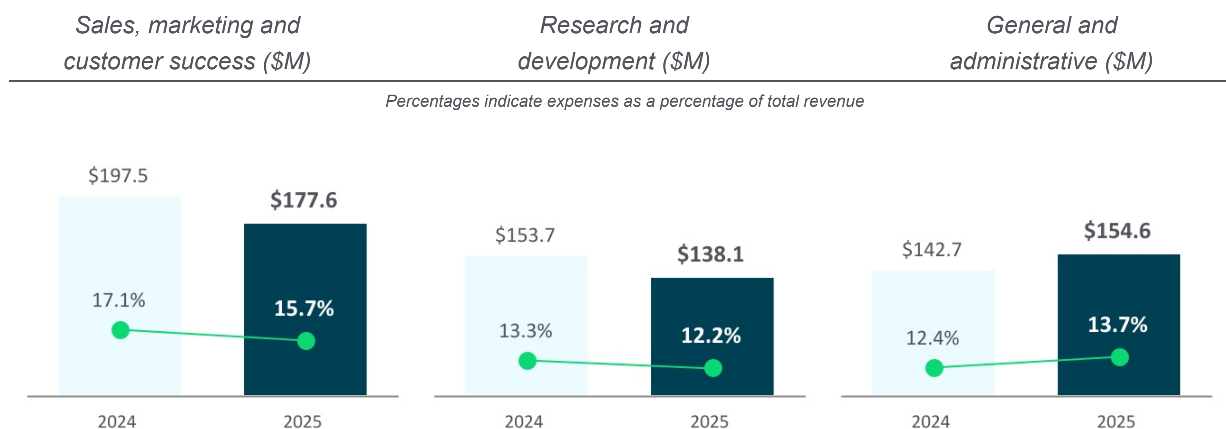
- \- Decrease in amortization of intangible assets from business combinations of $29.3 million largely due to the previously disclosed impairment charge related to our EVERFI asset group in December 2024, which primarily included finite-lived intangible assets
- \- Decrease in compensation costs of $21.4 million primarily due to our sale of EVERFI
- \- Decrease in allocated overhead costs of $6.3 million primarily related to the decreased headcount from our sale of EVERFI
- \- Decrease in third-party contractor costs of $4.5 million related to our sale of EVERFI and decreased use of outside contractors
- \+ Increase in transaction-based costs of $5.2 million related to the increase in the volume of transactions for which we process payments and, to a lesser extent, increases in vendor rates

Gross margin increased by 410 basis points primarily due to the decrease in cost of revenue outpacing the decrease in revenue.

Operating Expenses

Sales, marketing and customer success ($M)	*Research and development ($M)*	*General and administrative ($M)*

Percentages indicate expenses as a percentage of total revenue



Sales, marketing and customer success

Sales, marketing and customer success expense includes compensation costs, variable sales commissions, travel-related expenses, advertising and marketing materials, public relations costs, variable reseller commissions and allocated depreciation, facilities and IT support (including cybersecurity) costs.

We see a large market opportunity in the long-term and will continue to make investments to drive sales effectiveness. These investments include enhancements to our go-to-market approach and the use of software tools, including AI-enabled sales development capabilities, to enhance our digital footprint, support lead generation and improve sales execution efficiency. For example, we utilize AI to increase sales development representative engagement and customer conversations, supporting pipeline generation. The enhancements we are making in our go-to-market approach are expected to reduce our average customer acquisition cost per customer and related payback period while increasing sales velocity.

2025 vs. 2024

Sales, marketing and customer success expenses decreased by $19.9 million, or 10.1%. The decreases in dollars and as a percentage of total revenue were primarily driven by the following:

- Decrease in compensation costs of $11.7 million primarily related to our sale of EVERFI
- Decrease in advertising costs of $4.4 million primarily related to our sale of EVERFI
- Decrease in commissions expense of $1.7 million primarily due to our sale of EVERFI

Research and development

Research and development expense includes compensation costs for engineering and product management personnel, third-party contractor expenses, software development tools and other expenses related to developing new solutions or upgrading and enhancing existing solutions that do not qualify for capitalization, and allocated depreciation, facilities and IT support (including cybersecurity) costs.

2025 vs. 2024

We continue to make investments intended to delight our customers with innovative and secure cloud solutions, including AI technology. Research and development expense decreased by $15.6 million, or 10.1%. The decreases in dollars and as a percentage of total revenue were primarily driven by the following:

- Decrease in compensation costs of $13.9 million primarily related to our sale of EVERFI
- Decrease in third-party contractor costs of $7.3 million primarily related to our sale of EVERFI, partially offset by increased spending for AI features embedded in our solutions
- Decrease in allocated overhead costs of $3.1 million primarily related to our sale of EVERFI and decreased headcount

\+ Decrease in software development costs of $8.3 million that were required to be capitalized under GAAP, primarily related to our sale of EVERFI

Not included in research and development expense for 2025 and 2024 were $52.5 million and $60.8 million, respectively, of qualifying costs associated with software development activities that are required to be capitalized under GAAP, such as those for our cloud solutions. Qualifying capitalized development costs associated with our cloud solutions are subsequently amortized to cost of revenue over the related assets' estimated useful life, which generally range from three to seven years. We expect that the amount of software development costs capitalized will be relatively consistent in the near-term as we continue making investments in innovation, quality, security and the integration of our solutions, which we believe will drive long-term revenue growth.

General and administrative

General and administrative expense consists primarily of compensation costs for general corporate functions, including senior management, finance, accounting, legal, human resources and corporate development, Security Incident-related expenses (including legal fees, settlements and loss contingency accruals), third-party professional fees, insurance, allocated depreciation, facilities and IT support (including cybersecurity) costs, acquisition-related expenses and other administrative expenses.

2025 vs. 2024

General and administrative expenses increased by $11.9 million, or 8.3%. The increases in dollars and as a percentage of total revenue were primarily driven by the following:

+ Increase in acquisition and disposition-related costs of $19.8 million primarily related to our release from our lease for office space in Washington, DC in February 2025

+ Decrease in total costs allocated from general and administrative expense of $11.4 million primarily related to a reductions in IT support and facilities costs, and the decreased headcount from our sale of EVERFI. Depreciation, facilities and IT support (including cybersecurity) costs are pooled and recorded to general and administrative expense and allocated to other lines of our statements of comprehensive income based on headcount.

+ Increase in third-party software costs of $3.6 million primarily related to investments in our internal cybersecurity program

- Decrease in Security Incident-related expenses of $10.6 million largely related to decreases in loss contingency accruals. See Note 11 to our consolidated financial statements in this report for our discussion of the Security Incident.

- Decrease in stock-based compensation costs of $5.4 million primarily due to a decrease in the grant date fair value of equity award grants, and to a lesser extent, our sale of EVERFI; partially offset by an increase primarily due to estimated overall Company performance against 2025 goals

- Decrease in rent expense of $3.5 million primarily related to our release from our lease for office space in Washington, DC in February 2025

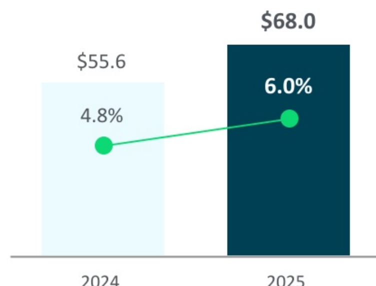
- Decrease in corporate costs of $2.3 million primarily related to a decrease in insurance premiums

- Decrease in compensation costs other than stock-based compensation of $1.6 million primarily due to our sale of EVERFI

Interest Expense

Interest expense ($M)

Percentages indicate expenses as a percentage of total revenue



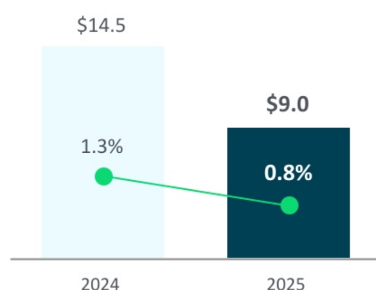
2025 vs. 2024

Interest expense increased in dollars and as a percentage of total revenue during 2025 when compared to 2024, primarily due to our incremental borrowings to fund stock repurchases during 2024 and 2025 and the expiration of favorable interest rate swaps in October 2024. We currently expect interest expense for the full year 2026 to be approximately $62 million to $66 million although our interest expense in connection with the variable rate portion of our outstanding debt could increase in a rising interest rate environment. See Note 10 to our consolidated financial statements in this report for more information regarding our derivative instruments, which we use to manage our variable interest rate risk, and Item 7A. Quantitative and Qualitative Disclosures about Market Risk: Interest Rate Risk on page 63 for more information about our variable interest rate exposure and related risk.

Other Income, Net

Other income, net ($M)

Percentages indicate other income, net as a percentage of total revenue



2025 vs. 2024

The decrease in other income, net in dollars and as a percentage of total revenue during 2025, when compared to 2024, was primarily due to a current year currency revaluation loss compared to a gain in the prior year and, to a lesser extent, by a decrease in interest income largely driven by lower year-over-year U.S. federal interest rates. See Note 8 to our consolidated financial statements in this report for more information regarding our other income.

Deferred Revenue

The table below compares the components of deferred revenue from our consolidated balance sheets:

(dollars in millions)	December 31, 2025	December 31, 2024	Change
Deferred revenue[(1)]	371.8	360.6	3.1 %
Less: Long-term portion	2.8	2.0	37.9 %
Current portion[(1)]	$ 369.0	$ 358.5	2.9 %

(1) The individual amounts for each year may not sum to total deferred revenue or current portion of deferred revenue due to rounding.

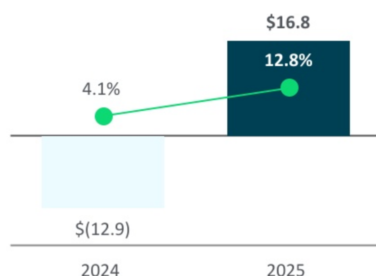
To the extent that our customers are billed for our solutions and services in advance of delivery, we record such amounts in deferred revenue. Our recurring revenue contracts are generally for a term of three years at contract inception with three-year renewals thereafter, billed annually in advance and non-cancelable. We generally invoice our customers with recurring revenue contracts in annual cycles 30 days prior to the end each one-year period. Revenue from these arrangements is generally recognized ratably over the contract term.

The increase in deferred revenue during the year ended December 31, 2025 was primarily due to billings related to contract renewals and new subscription sales of our cloud solutions. Historically, due to the timing of customer budget cycles, we have an increase in billings and customer contract renewals at or near the beginning of our third quarter. Generally, our lowest balance of deferred revenue during the year is at the end of our first quarter.

Income Taxes

Income tax provision (benefit) ($M)

Percentages indicate effective income tax rates



Our effective income tax rate may fluctuate quarterly and annually as a result of factors, including changes in tax law in jurisdictions where we conduct business, transactions entered into, changes in the geographic distribution of our earnings or losses, and our assessment of certain tax contingencies and valuation allowances.

We have deferred tax assets for U.S. federal, U.S. state, and international net operating loss carryforwards, federal and state capital loss carryforwards and tax credits. The federal and state net operating loss and capital loss carryforwards are subject to various Internal Revenue Code limitations and applicable state tax laws. The foreign net operating loss carryforwards have a valuation allowance due to the uncertainty of realizing such carryforwards in the future. As of December 31, 2024, we recorded a valuation allowance against all of our U.S. deferred tax assets in excess of deferred tax liabilities due to combination of our cumulative pretax loss position and net deferred tax asset position resulting from divestiture of EVERFI. Our U.S. consolidated group remains in a three-year cumulative pretax book loss position. As such, we intend to continue maintaining a valuation allowance on our U.S. net deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances.

We file income tax returns in the U.S. for federal and various state jurisdictions as well as in foreign jurisdictions including Canada, the U.K., Australia, Ireland, Costa Rica and India. We are generally subject to U.S. federal income tax examinations for

calendar tax years ending 2022 through 2025, as well as state and foreign income tax examinations for various years depending on statutes of limitations and net operating loss and/or tax credit utilization in those jurisdictions.

2025 vs. 2024

The increase in our effective income tax rate for year ended December 31, 2025, when compared to the same period in 2024, was primarily attributable to normalization of several non-recurring events in 2024, in which we had recorded the valuation allowance against all of our U.S. deferred tax assets in excess of deferred tax liabilities due to the combination of our cumulative pretax loss position and net deferred tax asset position resulting from our divestiture of EVERFI.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted into U.S. federal income tax law. OBBBA permanently extends immediate expensing of research and development ("R&D") expenditures under Internal Revenue Code Section 174 and provides transition rules for previously capitalized R&D costs. Under ASC 740, these changes modify the measurement of certain deferred tax assets ("DTAs"), particularly those arising from capitalized Section 174 expenditures.

Additionally, in 2025, the valuation allowance decreased primarily due to the pre-tax income recorded during the current year as well as the enactment of the OBBBA, which resulted in the realizability of certain U.S. deferred tax assets. We intend to continue maintaining a full valuation allowance on our U.S. net deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances. Management continues to evaluate the impact of future phases of OBBBA that will become effective beginning in 2026, including changes to international tax provisions and interest limitation rules; however, for 2025, no further material impact beyond the valuation allowance-driven effects is expected.

Non-GAAP Financial Measures

The operating results analyzed below are presented on a non-GAAP basis. We use non-GAAP financial measures internally in analyzing our operational performance. Accordingly, we believe these non-GAAP measures are useful to investors, as a supplement to GAAP measures, in evaluating our ongoing operational performance. While we believe these non-GAAP measures provide useful supplemental information, non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. In addition, these non-GAAP financial measures may not be completely comparable to similarly titled measures of other companies due to potential differences in the exact method of calculation between companies.

The non-GAAP financial measures discussed below exclude the impact of certain transactions because we believe they are not directly related to our operating performance in any particular period, but are for our long-term benefit over multiple periods. We believe that these non-GAAP financial measures reflect our ongoing business in a manner that allows for meaningful period-to-period comparisons and analysis of trends in our business.

(dollars in millions, except per share amounts)	Years ended December 31, 2025	2024
GAAP Revenue	$ 1,128.4	$ 1,154.6
GAAP gross profit	$ 663.3	$ 631.4
GAAP gross margin	58.8 %	54.7 %
Non-GAAP adjustments:		
Add: Stock-based compensation expense	11.5	14.1
Add: Amortization of intangibles from business combinations	27.6	57.0
Add: Employee severance	0.3	—
Subtotal[1]	39.4	71.0
Non-GAAP gross profit[1]	$ 702.7	$ 702.5
Non-GAAP gross margin	62.3 %	60.8 %
GAAP income (loss) from operations	$ 190.8	$ (271.4)
GAAP operating margin	16.9 %	(23.5)%
Non-GAAP adjustments:		
Add: Stock-based compensation expense	92.9	105.0
Add: Amortization of intangibles from business combinations	29.9	60.5
Add: Employee severance	1.9	—
Add: Acquisition and disposition-related costs[2]	25.9	6.1
Add: Security Incident-related costs[3]	3.1	13.7
Add: EVERFI impairment and disposition charges	—	405.4
Subtotal[1]	153.7	590.6
Non-GAAP income from operations[1]	$ 344.4	$ 319.2
Non-GAAP operating margin	30.5 %	27.6 %
GAAP income (loss) before provision (benefit) for income taxes	$ 131.8	$ (312.5)
GAAP net income (loss)	$ 115.0	$ (299.5)
Shares used in computing GAAP diluted earnings (loss) per share	48,469,961	50,560,538
GAAP diluted earnings (loss) per share	$ 2.37	$ (5.92)
Non-GAAP adjustments:		
Add: GAAP income tax provision (benefit)	16.8	(12.9)
Add: Total non-GAAP adjustments affecting income from operations	153.7	590.6
Non-GAAP income before provision for income taxes[1]	285.5	278.2
Assumed non-GAAP income tax provision[4]	69.9	68.2
Non-GAAP net income[1]	$ 215.5	$ 210.0
Shares used in computing Non-GAAP diluted earnings per share	48,469,961	51,750,308
Non-GAAP diluted earnings per share	$ 4.45	$ 4.06

(1) The individual amounts for each year may not sum to subtotal, non-GAAP gross profit, non-GAAP income from operations, non-GAAP income before provision for income taxes or non-GAAP net income due to rounding.

(2) Includes charges of $24.3 million incurred during the twelve months ended December 31, 2025 related to the release from our lease for office space in Washington, DC (which was acquired as part of our acquisition of EVERFI in December 2021) and noncash impairment charges incurred during the twelve months ended December 31, 2024 related to the sublease of our Washington, DC office location prior to the EVERFI disposition.

(3) Includes Security Incident-related costs incurred during the twelve months ended December 31, 2025 and 2024 of $3.1 million and $13.7 million, respectively, which included approximately $1.1 million and $6.8 million, respectively, in recorded accruals for loss contingencies. Recorded expenses consisted primarily of payments to third-party service providers and consultants, including legal fees, as well as settlements of customer claims, negotiated settlements and accruals for certain loss contingencies. Not included in this adjustment were costs associated with enhancements to our cybersecurity program. As of December 31, 2025, we do not have any recorded liabilities for loss contingencies related to the Security Incident.

(4) We use a non-GAAP effective tax rate of 24.5% when calculating non-GAAP net income and non-GAAP diluted earnings per share. We base this rate on our estimated annual GAAP income tax rate, adjusted for items excluded from GAAP income when calculating non-GAAP income and for significant nonrecurring tax adjustments. We review this non-GAAP tax rate annually to determine whether it remains appropriate for evaluating our financial performance. In conducting this review, we consider our GAAP annual effective tax rate, changes in tax legislation, non-GAAP adjustments, and shifts in the geographic mix of revenues and expenses. We also evaluate other factors that we deem significant. Because the tax treatment of non-GAAP adjustments differs from GAAP and because of our methodology for estimating the annual tax rate, the non-GAAP tax rate may differ from the GAAP tax rate and from our actual tax liabilities.

Non-GAAP organic revenue growth

In addition, we use non-GAAP organic revenue growth, non-GAAP organic revenue growth on a constant currency basis, non-GAAP organic recurring revenue growth and non-GAAP organic recurring revenue growth on a constant currency basis in analyzing our operating performance. We believe that these non-GAAP measures are useful to investors, as a supplement to GAAP measures, for evaluating the periodic growth of our business on a consistent basis. Each of these measures of non-GAAP organic revenue growth excludes incremental acquisition-related revenue attributable to companies, if any, acquired in the current fiscal year. For companies, if any, acquired in the immediately preceding fiscal year, each of these non-GAAP organic revenue growth measures reflects presentation of full year incremental non-GAAP revenue derived from such companies as if they were combined throughout the prior period. In addition, each of these non-GAAP organic revenue growth measures excludes prior period revenue associated with divested businesses. The exclusion of the prior period revenue is to present the results of the divested businesses within the results of the combined company for the same period of time in both the prior and current periods. We believe this presentation provides a more comparable representation of our current business' organic revenue growth and revenue run-rate.

	Years ended December 31,	
(dollars in millions)	2025	2024
GAAP revenue	$ 1,128.4	$ 1,154.6
GAAP revenue growth	**(2.3)%**	
Less: Non-GAAP revenue from divested businesses[1]	—	(85.6)
Non-GAAP organic revenue[2]	$ 1,128.4	$ 1,069.1
Non-GAAP organic revenue growth	**5.5 %**	
Non-GAAP organic revenue[2]	1,128.4	1,069.1
Foreign currency impact on Non-GAAP organic revenue[3]	(3.5)	—
Non-GAAP organic revenue on constant currency basis[3]	$ 1,124.8	$ 1,069.1
Non-GAAP organic revenue growth on constant currency basis	**5.2 %**	
GAAP recurring revenue	$ 1,106.2	$ 1,128.2
GAAP recurring revenue growth	**(2.0)%**	
Less: Non-GAAP recurring revenue from divested businesses[1]	—	(82.6)
Non-GAAP organic recurring revenue	$ 1,106.2	$ 1,045.7
Non-GAAP organic recurring revenue growth	**5.8 %**	
Non-GAAP organic recurring revenue[2]	$ 1,106.2	$ 1,045.7
Foreign currency impact on non-GAAP organic recurring revenue[3]	(3.5)	—
Non-GAAP organic recurring revenue on constant currency basis[3]	$ 1,102.7	$ 1,045.7
Non-GAAP organic recurring revenue growth on constant currency basis	**5.4 %**	

(1) Non-GAAP revenue from divested businesses excludes revenue associated with divested businesses in the prior period. The exclusion of the prior period revenue is to present the results of the divested business with the results of the combined company for the same period of time in both the prior and current periods.

(2) Non-GAAP organic revenue and non-GAAP organic recurring revenue for the prior year periods presented herein may not agree to non-GAAP organic revenue and non-GAAP organic recurring revenue presented in the respective prior period quarterly financial information solely due to the manner in which non-GAAP organic revenue growth and non-GAAP organic recurring revenue growth are calculated.

(3) To determine non-GAAP organic revenue growth and non-GAAP organic recurring revenue growth on a constant currency basis, revenues from entities reporting in foreign currencies were translated to U.S. Dollars using the comparable prior period's quarterly weighted average foreign currency exchange rates. The primary foreign currencies creating the impact are the Australian Dollar, British Pound, Canadian Dollar and Euro.

Rule of 40

We define Rule of 40 as non-GAAP organic revenue growth plus non-GAAP adjusted EBITDA margin. Non-GAAP adjusted EBITDA is defined as GAAP net income plus interest, net; income tax provision (benefit); depreciation; amortization of intangible assets from business combinations; amortization of software development costs; stock-based compensation; employee severance; acquisition and disposition-related costs; Security Incident-related costs; and impairment and disposition charges.

	Years ended December 31,	
(dollars in millions)	**2025**	**2024**
GAAP net income (loss)	$ 115.0	$ (299.5)
Non-GAAP adjustments:		
Add: Interest, net	60.1	45.8
Add: GAAP income tax provision (benefit)	16.8	(12.9)
Add: Depreciation	10.1	12.8
Add: Amortization of intangibles from business combinations	29.9	60.5
Add: Amortization of software development costs(1)	49.7	51.2
Subtotal(2)	166.5	157.4
Non-GAAP EBITDA(2)	$ 281.5	$ (142.1)
Non-GAAP EBITDA margin(3)	24.9 %	
Non-GAAP adjustments:		
Add: Stock-based compensation expense	$ 92.9	$ 105.0
Add: Employee severance	1.9	—
Add: Acquisition and disposition-related costs(4)	25.9	6.1
Add: Security Incident-related costs(4)	3.1	13.7
Add: EVERFI impairment and disposition charges	—	405.4
Subtotal(2)	123.8	530.1
Non-GAAP Adjusted EBITDA(2)	$ 405.3	$ 388.0
Non-GAAP Adjusted EBITDA margin(5)	**35.9 %**	
Rule of 40(6)	**41.4 %**	
Non-GAAP adjusted EBITDA	$ 405.3	$ 388.0
Foreign currency impact on Non-GAAP adjusted EBITDA	(1.8)	(1.6)
Non-GAAP adjusted EBITDA on constant currency basis(7)	$ 403.5	$ 386.4
Non-GAAP adjusted EBITDA margin on constant currency basis(7)	**35.9 %**	
Rule of 40 on constant currency basis(8)	**41.1 %**	

(1) Includes amortization expense related to software development costs and amortization expense from capitalized cloud computing implementation costs.
(2) The individual amounts for each year may not sum to subtotal, non-GAAP EBITDA, non-GAAP adjusted EBITDA or non-GAAP adjusted EBITDA on a constant currency basis due to rounding.
(3) Measured by GAAP revenue divided by non-GAAP EBITDA.
(4) See additional details in the reconciliation of GAAP to Non-GAAP operating income above.
(5) Measured by non-GAAP organic revenue divided by non-GAAP adjusted EBITDA.
(6) Measured by non-GAAP organic revenue growth plus non-GAAP adjusted EBITDA margin. See Non-GAAP organic revenue growth table above.
(7) To determine non-GAAP adjusted EBITDA on a constant currency basis, non-GAAP adjusted EBITDA from entities reporting in foreign currencies were translated to U.S. Dollars using the comparable prior period's quarterly weighted average foreign currency exchange rates. The primary foreign currencies creating the impact are the Australian Dollar, British Pound, Canadian Dollar and Euro.
(8) Measured by non-GAAP organic revenue growth on constant currency basis plus non-GAAP adjusted EBITDA margin on constant currency basis. See Non-GAAP organic revenue growth table above.

Non-GAAP free cash flow and non-GAAP adjusted free cash flow

Non-GAAP free cash flow is defined as operating cash flow less capital expenditures, including costs required to be capitalized for software development, and capital expenditures for property and equipment.

Non-GAAP adjusted free cash flow is defined as operating cash flow less capital expenditures, including costs required to be capitalized for software development and capital expenditures for property and equipment, plus cash outflows related to the Security Incident.

We believe non-GAAP free cash flow and non-GAAP adjusted free cash flow provides useful measures of the Company's operating performance. Non-GAAP adjusted free cash flow is not intended to represent and should not be viewed as the amount of residual cash flow available for discretionary expenditures.

	Years ended December 31,	
(dollars in millions)	2025	2024
GAAP net cash provided by operating activities	$ 265.6	$ 296.0
GAAP operating cash flow margin	23.5 %	25.6 %
Non-GAAP adjustments:		
Less: purchase of property and equipment	(7.8)	(7.4)
Less: capitalized software development costs	(54.2)	(59.8)
Non-GAAP free cash flow(1)	$ 203.5	$ 228.8
Non-GAAP free cash flow margin	18.0 %	19.8 %
Non-GAAP adjustments:		
Add: Security Incident-related cash flows, net of insurance	4.6	15.9
Non-GAAP adjusted free cash flow(1)	$ 208.2	$ 244.7
Non-GAAP adjusted free cash flow margin	18.5 %	21.2 %

(1) The individual amounts for each year may not sum to non-GAAP free cash flow or non-GAAP adjusted free cash flow due to rounding.

Seasonality

Our revenues normally fluctuate as a result of certain seasonal variations in our business. Our first quarter has historically been the seasonal low for bookings, with the second and fourth quarters historically being seasonally higher, and our bookings tend to be back-end loaded within individual quarters given our quarterly quota plans. Transactional revenue is non-contractual and less predictable given the susceptibility to certain drivers such as timing and number of events and marketing campaigns, as well as fluctuations in donation volumes and tuition payments. Our transactional revenue has historically been at its lowest in the first quarter due to the timing of customer fundraising initiatives and events. We have historically experienced seasonal highs during the fourth quarter due to year-end giving campaigns and during the second quarter when a large number of events are held. Our revenue from professional services has historically been lower in the first quarter when many of those services commence and in the fourth quarter due to the holiday season. As a result of these and other factors, our total revenue has historically been lower in the first quarter than in the remainder of our fiscal year, with the fourth quarter historically achieving the highest total revenue. Our expenses, other than transaction-based costs related to our payments services, do not vary significantly as a result of these factors, but do fluctuate on a quarterly basis due to varying timing of expenditures.

Our cash flow from operations normally fluctuates quarterly due to the combination of the timing of customer contract billings and renewals, delivery of professional services and occurrence of customer events, as well as merit-based salary increases, among other factors. Historically, due to lower revenues in our first quarter, combined with the payment of certain annual vendor contracts, our cash flow from operations has been lowest in our first quarter. Due to the timing of customer contract renewals and student enrollments, many of which take place at or near the beginning of our third quarter, our cash flow from operations has generally been lower in our second quarter as compared to our third and fourth quarters. Partially offsetting these favorable drivers of cash flow from operations in our third and fourth quarters are base salary merit increases, which occur in July. In addition, deferred revenues can vary on a seasonal basis due to the timing of customer contract billings and renewals and student enrollments or significant acquisitions. Our cash flow from financing is negatively impacted in our first quarter when most of our equity awards vest, as we pay taxes on behalf of our employees related to the settlement or exercise of equity awards.

These patterns may change as a result of the continued shift to online giving, growth in volume of transactions for which we process payments, large dollar customer bookings and contract renewals, fluctuations in the timing of vendor payments, or as a result of acquisitions, new market opportunities, new solution introductions or other factors.

Liquidity and Capital Resources

The following table presents selected financial information about our financial position:

(dollars in millions)	December 31, 2025	December 31, 2024	Change
Cash and cash equivalents	$ 38.9	$ 67.6	(42.5)%
Property and equipment, net	85.1	91.9	(7.5)%
Software development costs, net	155.8	148.3	5.1 %
Total carrying value of debt	1,109.7	1,075.0	3.2 %
Working capital	(252.0)	(275.5)	8.5 %

The following table presents selected financial information about our cash flows:

	Years ended December 31,		
(dollars in millions)	2025	2024	Change
Net cash provided by operating activities	$ 265.6	$ 296.0	(10.3)%
Net cash used in investing activities	(74.9)	(73.4)	2.1 %
Net cash used in financing activities	(247.4)	(139.4)	77.5 %

Our principal sources of liquidity are our operating cash flow, funds available under the 2024 Credit Facilities and cash on hand. Our operating cash flow depends on continued customer renewal of our subscription and maintenance arrangements, market acceptance of our solutions and services, the volume and size of transactions for which we process payments and our customers' ability to pay. Based on current estimates of revenue and expenses, we believe that the currently available sources of funds and anticipated cash flows from operations will be adequate for at least the next twelve months to finance our operations, fund anticipated capital expenditures and meet our debt obligations. We also believe that we will be able to continue to meet our long-term cash requirements due to our anticipated cash flow from operations, solid financial position and ability to access capital from financial markets. To the extent we undertake future material acquisitions, investments or unanticipated capital or operating expenditures, we may require additional capital. In that context, we regularly evaluate opportunities to enhance our capital structure, including through potential debt or equity issuances.

As a well-known seasoned issuer, we filed an automatic shelf registration statement for an undetermined amount of debt and equity securities with the SEC on January 10, 2025. Under this universal shelf registration statement we may offer and sell, from time to time, debt securities, common stock, preferred stock, depositary shares, warrants, stock purchase contracts and stock purchase units. Subject to certain conditions and pursuant to applicable SEC regulations, this registration statement is effective for three years from its date of filing with the SEC, or through January 9, 2028.

At December 31, 2025, our total cash and cash equivalents balance included approximately $13.4 million of cash that was held by operations outside the U.S. While these funds may not be needed to fund our U.S. operations for at least the next twelve months, if we need these funds, we may be required to accrue and pay taxes to repatriate the funds. We currently do not intend nor anticipate a need to repatriate our cash held outside the U.S.

Operating Cash Flow

Throughout 2025 and 2024, our cash flows from operations were derived principally from: (i) our earnings from on-going operations prior to non-cash expenses such as depreciation, amortization, stock-based compensation, deferred taxes, amortization of deferred financing costs and debt discount and adjustments to our net provision for credit losses and sales returns, the EVERFI impairment charges, loss on disposition of business; and (ii) changes in our working capital.

Working capital changes are comprised of changes in accounts receivable, prepaid expenses and other assets, trade accounts payable, accrued expenses and other liabilities and deferred revenue.

2025 vs. 2024

Net cash provided by operating activities decreased by $30.4 million during the year ended December 31, 2025, when compared to the same period in 2024, primarily due to a $51.5 million decrease in cash flow from operations associated with working capital, partially offset by a $21.0 million increase in net income adjusted for non-cash expenses.

The decrease in cash flow from operations associated with working capital during 2025, when compared to 2024, was primarily due to fluctuations in the timing of vendor payments.

On July 4, 2025, the United States enacted the OBBBA, which introduced significant changes to U.S. tax law. See Note 12 to our consolidated financial statements in this report for more information. OBBBA impacts meaningfully contributed to reducing U.S. cash taxes in 2025. We expect to continue to see meaningful reductions to cash taxes through 2027. U.S. state OBBBA conformity considerations (which continue to evolve as the states address the new Federal tax legislation) and the phase-in of the OBBBA international tax provisions in 2026 may continue to affect this cash reduction.

Investing Cash Flow

During 2026, we expect our total capital expenditures, including estimated outlays for capitalized software development costs, to be between approximately $60.0 million and $70.0 million.

2025 vs. 2024

Net cash used in investing activities of $74.9 million increased by $1.5 million during 2025, when compared to 2024.

During 2025, we used $54.2 million for software development costs, which was a decrease of $5.5 million from cash spent during 2024. We spent $7.8 million of cash for purchases of property and equipment during 2025, which was relatively in line with cash spent in 2024. In addition, during 2025, we used net cash of $12.2 million for the disposition of a business compared to $1.2 million for the disposition of a business and $5.0 million for a minority investment in a business during 2024.

Financing Cash Flow

2025 vs. 2024

During 2025, we had a net increase in borrowings of $34.7 million, primarily due to our stock repurchase program and to satisfy tax obligations of employees upon settlement of equity awards (see discussion below). During 2025, we repurchased $217.2 million of our common stock (including excise tax) compared to $418.0 million during 2024.

We paid $40.4 million to satisfy tax obligations of employees upon settlement of equity awards during 2025 compared to $56.8 million during 2024. The amount of taxes paid by us on behalf of employees related to the settlement of equity awards varies from period to period based upon the timing of grants and vesting, as well as the market price for shares of our common stock at the time of settlement. Most of our equity awards currently vest in our first quarter.

During 2025, cash flow from financing activities associated with changes in restricted cash due to customers decreased $25.6 million, compared to an increase of $47.0 million during 2024. This line in the statement of cash flows represents the change in the amount of restricted cash held and payable by us to customers from one period to the next. This restricted cash due to customers is not available to us for operational purposes.

Stock repurchase program

On December 1, 2025, our Board of Directors reauthorized, expanded and replenished our stock repurchase program by raising the total capacity under the program from $800.0 million to $1.0 billion available for repurchases. The program does not have an expiration date. Under the stock repurchase program, we are authorized to repurchase shares from time to time in accordance with applicable laws both on the open market, including under trading plans established pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, and in privately negotiated transactions. The timing and amount of repurchases depends on several factors, including market and business conditions, the trading price of our common stock and the nature of other investment opportunities. The repurchase program may be limited, suspended or discontinued at any time without prior notice.

On December 2, 2025, we announced an increase in our expected fiscal year 2025 stock repurchase range to between 7.0% and 8.5% of our outstanding common stock as of December 31, 2024. During the year ended December 31, 2025, we repurchased 3,337,844 shares for $214.0 million. Including net share settlement of employee stock compensation, these repurchases represented approximately 7.9% of our outstanding common stock as of December 31, 2024. As of December 31, 2025, $960.6 million remained available for repurchases under the program. During 2026, we intend to repurchase between 5.0% and 10.0% of our outstanding common stock as of December 31, 2025 under our existing stock repurchase program. Over the long term, we expect stock repurchases to remain an important component of our capital allocation strategy, subject to market conditions, business performance, leverage considerations, U.S. excise taxes and other factors. We anticipate utilizing at least 50% of our free cash flow from 2026 to 2030 for stock repurchases. See discussion of our Non-GAAP Financial Measures above.

2024 Credit Facilities

Historically, we have drawn on our credit facility from time to time to help us meet financial needs primarily due to the seasonality of our cash flows from operations and financing for business acquisitions. At December 31, 2025, our available borrowing capacity under the 2024 Credit Facilities was $413.6 million. The 2024 Credit Facilities mature in April 2029.

At December 31, 2025, the carrying amount of our debt under the 2024 Credit Facilities was $1.1 billion. Our average daily borrowings were $1.1 billion during 2025.

The term loans under the 2024 Credit Facilities and our other debt require periodic principal payments. The balance of the term loans and any amounts drawn on the revolving credit loans are due upon maturity of the 2024 Credit Facilities in April 2029. Certain real estate loans (as described in Note 9 to our audited consolidated financial statements in this report) also require periodic principal payments and the balances of the real estate loans are due upon maturity in April 2038.

The following is a summary of the financial covenants under the 2024 Credit Facilities:

Financial Covenant	Requirement	Ratio as of December 31, 2025
Net Leverage Ratio(1)	≤ 3.75 to 1.00	2.52 to 1.00
Interest Coverage Ratio	≥ 2.50 to 1.00	6.27 to 1.00

(1) Under the terms of the 2024 Credit Facilities, the Net Leverage Ratio requirement may be increased by up to 0.50 provided we satisfy certain requirements, including a permitted business acquisition, and provided that the maximum Net Leverage Ratio shall not exceed 4.25 to 1.00.

Under the 2024 Credit Facilities, we also have restrictions on our ability to declare and pay dividends and our ability to repurchase shares of our common stock. In order to pay any cash dividends and/or repurchase shares of stock: (i) no default or event of default shall have occurred and be continuing under the 2024 Credit Facilities, and (ii) our pro forma net leverage ratio, as set forth in the 2024 Credit Facilities, must be 0.25 less than the net leverage ratio requirement at the time of dividend declaration or stock repurchase. At December 31, 2025, we were in compliance with our debt covenants under the 2024 Credit Facilities. See Note 9 to our consolidated financial statements in this report for additional information regarding the 2024 Credit Facilities.

Commitments and Contingencies

As of December 31, 2025, we had contractual obligations with future minimum commitments as follows:

	Payments due by period		
(in millions)	Less than 1 year	More than 1 year	Total[1]
Recorded contractual obligations:			
Debt	$ 22.7	$ 1,087.8	$ 1,110.4
Operating leases	1.9	5.1	7.0
Interest payments on debt	1.0	2.3	3.4
Unrecorded contractual obligations:			
Purchase obligations	94.4	69.7	164.0
Interest payments on debt	58.1	148.1	206.2
Total contractual obligations[1]	$ 178.0	$ 1,313.0	$ 1,491.1

(1) The individual amounts may not sum to the total due to rounding.

Debt

As of December 31, 2025, we had total remaining principal payments of approximately $1.1 billion. These payments represent principal payments only, under the following assumptions: (i) that the amounts outstanding under the 2024 Credit Facilities, our real estate loans and our other debt at December 31, 2025 will remain outstanding until maturity, with minimum payments occurring as currently scheduled, and (ii) that there are no assumed future borrowings on the revolving credit loans under the 2024 Revolving Facility for the purposes of determining minimum commitment amounts. See Note 9 to our consolidated financial statements in this report for more information.

Interest payments on debt

In addition to principal payments, as of December 31, 2025, we expect to pay interest expense over the life of our debt obligations of approximately $209.5 million. These payments represent our estimated future interest payments on debt using our debt balances and the related weighted average effective interest rates as of December 31, 2025, which includes the effect of interest rate swap agreements. The actual interest expense recognized in our consolidated statements of comprehensive income (loss) will depend on the amount of debt, the length of time the debt is outstanding and the interest rate, which could be different from our assumptions on our remaining principal payments described above.

Operating leases

As of December 31, 2025, we had remaining operating lease payments of $7.0 million. These payments have not been reduced by sublease income, incentive payments, reimbursement of leasehold improvements or the amount representing imputed interest. Our operating leases are generally for corporate offices, subleased offices and certain equipment and furniture. Given our Remote-Flexible workforce strategy and real estate footprint optimization efforts, we do not anticipate entering any new, material operating leases for offices for the foreseeable future. See Note 11 to our consolidated financial statements in this report for more information.

Purchase obligations

As of December 31, 2025, we had remaining purchase obligations of $164.0 million. These purchase obligations are for third-party technology used in our solutions and for other services we purchase as part of our normal operations. In certain cases, these arrangements require a minimum annual purchase commitment by us. Our purchase obligations are not recorded as liabilities on our consolidated balance sheets as of December 31, 2025, as we had not received the related services. See Note 11 to our consolidated financial statements in this report for more information.

Other commitments

In connection with the settlement of the multi-state Attorneys General investigation, the California Attorney General investigation and the FTC investigation relating to the Security Incident, as discussed in Note 11 to our consolidated financial statements in this report, we agreed to implement certain improvements to of our cybersecurity programs and tools through May 2044. We have completed the required program improvements, and our remaining obligations primarily relate to ongoing maintenance and updates. The currently anticipated costs to comply with these ongoing obligations are primarily expected to be expensed as incurred.

Foreign Currency Exchange Rates

Approximately 16% of our total revenue for 2025 was generated from operations outside the U.S. We do not have significant operations in countries in which the economy is considered to be highly inflationary. Our consolidated financial statements are denominated in U.S. dollars and, accordingly, changes in the exchange rate between foreign currencies and the U.S. dollar will affect the translation of our subsidiaries' financial results into U.S. dollars for purposes of reporting our consolidated financial results. The accumulated currency translation adjustment, recorded within accumulated other comprehensive loss as a component of stockholders' equity, was a loss of $3.8 million as of December 31, 2025 and a loss of $12.7 million as of December 31, 2024. We have entered into foreign currency forward contracts to hedge a portion of the foreign currency exposure that arises on translation of our investments denominated in British Pounds into U.S. dollars.

The vast majority of our contracts are entered into by our U.S. or U.K. entities. The contracts entered into by the U.S. entity are almost always denominated in U.S. dollars or Canadian dollars, and contracts entered into by our U.K., Australian and Irish subsidiaries are generally denominated in British Pounds, Australian dollars and Euros, respectively. Historically, as the U.S. dollar weakened, foreign currency translation resulted in an increase in our revenues and expenses denominated in non-U.S. currencies. Conversely, as the U.S. dollar strengthened, foreign currency translation resulted in a decrease in our revenues and expenses denominated in non-U.S. currencies. During 2025, foreign translation resulted in increases in our revenues and expenses denominated in non-U.S. currencies. Though we have exposure to fluctuations in currency exchange rates, primarily those between the U.S. dollar and both the British Pound and Canadian dollar, the impact has generally not been material to our consolidated results of operations or financial position. During 2025, the fluctuation in foreign currency exchange rates increased our total revenue and our income from operations by $3.5 million and $2.1 million, respectively. We have entered into foreign currency forward contracts to hedge revenues denominated in the Canadian dollar against changes in the exchange rate with the U.S. dollar. We will continue monitoring such exposure and take action as appropriate. To determine the impacts on revenue (or income from operations) from fluctuations in currency exchange rates, current period revenues (or income from operations) from entities reporting in foreign currencies were translated into U.S. dollars using the comparable prior year period's weighted average foreign currency exchange rates. These impacts are non-GAAP financial information and are not in accordance with, or an alternative to, information prepared in accordance with GAAP.

Critical Accounting Estimates

Our discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. On an ongoing basis, we reconsider and evaluate our estimates and assumptions.

We base our estimates on historical experience, current trends and various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could materially differ from any of our estimates under different assumptions or conditions. Our significant accounting policies are discussed in Note 2 to our consolidated financial statements in this report. We believe the accounting estimates listed below are the most critical to aid in fully understanding and evaluating our reported financial results, and they require our most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain.

Revenue Recognition

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
See Note 2 to our consolidated financial statements in this report for a complete discussion of our revenue recognition policies. Revenues are recognized when control of our services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those services. We determine revenue recognition through the following steps: (1) Identification of the contract, or contracts, with a customer; (2) Identification of the performance obligations in the contract; (3) Determination of the transaction price; (4) Allocation of the transaction price to the performance obligations in the contract; and (5) Recognition of revenue when, or as, we satisfy a performance obligation. We have not made any material changes in the accounting methodology we use to recognize revenue during the year ended December 31, 2025.	Our revenue recognition accounting methodology may contain uncertainties because it could require us to make significant estimates and assumptions, and to apply judgment for certain customer contracts. For example, for certain arrangements that have multiple performance obligations, we may need to exercise judgment and use estimates in order to (1) determine whether performance obligations are distinct and should be accounted for separately; (2) determine the standalone selling price of each performance obligation; (3) allocate the transaction price among the various performance obligations on a relative standalone selling price basis; and (4) determine whether revenue for each performance obligation should be recognized at a point in time or over time.	If we were to change any of these judgments or estimates, it could cause a material increase or decrease in the amount of revenue or deferred revenue that we report in a particular period.

Business Combinations

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
We allocate the purchase price of an acquired business to its identifiable assets acquired and liabilities assumed at the acquisition date based upon their estimated fair values. The excess of the purchase price over the amount allocated to the identifiable assets acquired and liabilities assumed, if any, is recorded as goodwill. We use available information to estimate fair values. We typically engage outside appraisal firms to assist in the fair value determination of long-lived and identifiable intangible assets, and any other significant assets or liabilities. We adjust the preliminary purchase price allocation, as necessary, up to one year after the acquisition closing date as we obtain new information about facts and circumstances that existed as of the closing date. We have not made any material changes in the accounting methodology we use for business combinations during the year ended December 31, 2025.	Our purchase price allocation methodology contains uncertainties because it requires us to make significant estimates and assumptions, and to apply judgment to estimate the fair value of assets acquired and liabilities assumed, especially with respect to long-lived and intangible assets. Management estimates the fair value of assets acquired and liabilities assumed based on quoted market prices, the carrying value of the acquired assets and widely accepted valuation techniques, including discounted cash flows, market multiple analyses and replacement cost. We apply significant judgment in estimating the fair value of intangible assets acquired, which involves the use of significant assumptions. Significant assumptions used in the valuation of customer relationships include future revenue and operating expenses, customer attrition rates, contributory asset charges, tax amortization benefit, and discount rates. Significant assumptions used in the valuation of certain developed technology assets include future revenue, proprietary technology obsolescence curve, royalty rate, and discount rate. Significant assumptions used in the valuation of marketing assets include assumptions about the period of time the brand will continue to be valuable, royalty rate, and discount rate. Significant assumptions used in the valuation of content intangible assets include cost-based assumptions. Our estimates of fair value are based upon assumptions we believe to be reasonable, but which are inherently uncertain and unpredictable, and unanticipated events and changes in circumstances may occur.	If actual results are materially different than the assumptions we used to determine fair value of the assets acquired and liabilities assumed through a business combination as well as the estimated useful lives of the acquired intangible assets, it is possible that adjustments to the carrying values of such assets and liabilities will have a material impact on our financial position and results of operations. See Note 3 to our consolidated financial statements in this report for information regarding our business acquisitions.

Income Taxes

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
We make estimates and judgments in accounting for income taxes. Our income tax returns, like those of most companies, are periodically audited by domestic and foreign tax authorities. We measure and recognize uncertain tax positions. To recognize uncertain tax positions, we must first determine if it is more likely than not that the position will be sustained upon audit. We must then measure the benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. We make estimates in determining tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial reporting purposes. We record valuation allowances to reduce our deferred tax assets to the amount expected to be realized. We have not made any material changes in the accounting methodology we use to assess income tax during the year ended December 31, 2025.	The calculation of our income tax provision requires estimates due to transactions, credits and calculations where the ultimate tax determination is uncertain. Uncertainties arise as a consequence of the actual source of taxable income between domestic and foreign locations, the outcome of tax audits and the ultimate utilization of tax credits. Our effective income tax rate is also affected by changes in the geographic distribution of our earnings or losses, changes in tax law in jurisdictions where we conduct business, changes in tax laws and policies in jurisdictions where we conduct business, tax effects of nondeductible or nontaxable items and changes in valuation allowances. Significant judgment is required in the identification and measurement of uncertain tax positions. Our liability for unrecognized tax benefits contains uncertainties because management is required to make assumptions and to apply judgment to estimate the exposures associated with our various filing positions. In assessing the adequacy of a recorded valuation allowance significant judgment is required. We consider all positive and negative evidence and a variety of factors including the scheduled reversal of deferred tax liabilities, historical and projected future taxable income, and prudent and feasible tax planning strategies.	Although we believe that the judgments and estimates discussed herein are reasonable, actual results could differ, and we may be exposed to losses or gains that could be material. To the extent actual results differ from estimated amounts recorded, such differences will impact the income tax provision in the period in which the determination is made. If we determine there is less than a 50% likelihood that we will be able to use a deferred tax asset in the future in excess of its net carrying value, then an adjustment to the deferred tax asset valuation allowance is made to increase income tax expense, thereby reducing net income in the period such determination was made.

Long-lived Assets and Intangible Assets Other Than Goodwill

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
We review our long-lived assets and intangible assets other than goodwill for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. If such events or changes in circumstances occur, we use the undiscounted cash flow method to determine whether our long-lived and intangible assets other than goodwill are impaired. To the extent that the carrying value of the asset or asset group exceeds the undiscounted cash flows over the estimated remaining life of the asset, we measure the impairment using discounted cash flows. We have not made any material changes in the accounting methodology we use to assess impairment loss during the year ended December 31, 2025.	In estimating future cash flows, assets are grouped at the lowest level for which there is identifiable cash flows that are largely independent of cash flows from other asset groups. When measuring impairment of an asset or asset group using discounted cash flows, we make assumptions and apply judgment in estimating future cash flows and asset or asset group fair values, including annual revenue growth rates, a terminal year growth rate and selecting a discount rate that reflects the risk inherent in future cash flows.	During 2025, there were no significant non-recurring fair value adjustments to our long-lived assets, intangible assets, goodwill or operating lease ROU assets. We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions we use to assess impairment losses. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to an impairment charge that could materially adversely impact our consolidated financial position and results of operations.

Recently Issued Accounting Pronouncements

For a discussion of the impact that recently issued accounting pronouncements are expected to have on our financial position and results of operations when adopted in the future, see Note 2 to our consolidated financial statements in this report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have market rate sensitivity for interest rates and foreign currency exchange rates.

Interest Rate Risk

Our variable rate debt is our primary financial instrument with market risk exposure for changing interest rates. We manage our variable rate interest rate risk through a combination of short-term and long-term borrowings and the use of derivative instruments entered into for hedging purposes. Additionally, our interest income that we primarily earn on restricted cash due to customers for our payment processing solutions acts as a partial natural hedge against our interest rate risk. Our interest rate exposure includes SOFR rates. Due to the nature of our debt, the materiality of the fair values of the derivative instruments and the highly liquid, short-term nature and level of our cash and cash equivalents as of December 31, 2025, we believe that the risk of exposure to changing interest rates for those positions is immaterial. There were no significant changes in how we manage interest rate risk between December 31, 2024 and December 31, 2025.

Foreign Currency Risk

For a discussion of our exposure to foreign currency exchange rate fluctuations, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Foreign Currency Exchange Rates” in Item 7 of this report.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

BLACKBAUD, INC.

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Blackbaud, Inc.

Opinion on the Financial Statements

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

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 18, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

Critical Audit Matter

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

	Revenue Recognition - Payment Processing Services
Description of the Matter	The Company recorded transactional recurring revenues of $384 million for the year ended December 31, 2025. Included in transactional recurring revenues are revenues related to payment processing services. As discussed in Note 2 to the consolidated financial statements, the Company recognizes revenue for payment processing services over time based on the amount billable to the customer, since it has the right to invoice the customer in an amount that directly corresponds with the value to the customer for the Company's performance to date. The processing of transactions and recording of revenues for these services involves a significant volume of transactions that are highly automated and are based on contractual terms with the customer and the Company's third-party vendors. Auditing the revenues for these payment processing services is complex because the processes are highly automated and involve multiple information technology ("IT") systems with a significant volume of transactions and related underlying data. Further, auditing the revenues for these payment processing services required the involvement of data professionals to assist in validating the integrity of the underlying data and recalculating the revenues recorded during the period.

How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's controls over its payment processing services. We identified the relevant systems used in these payment processing services, including relevant third-party service organization systems, and evaluated the IT general controls over each of these systems. We also tested the relevant automated controls and other business processes controls. To test revenue recognized for payment processing services, our procedures included, among others, the involvement of data professionals to recalculate the revenue recognized. For a selection of payment processing transactions, we also agreed the amount of revenues recognized for processing fees retained by the Company to source documents and tested the mathematical accuracy of the recorded revenue. We also evaluated if the transactions were processed, and funds received, including sending confirmations directly to financial institutions.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2021.

Raleigh, North Carolina
February 18, 2026

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Blackbaud, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Blackbaud, Inc.'s internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Blackbaud, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income (loss), cash flows, and stockholders' equity for each of the three years in the period ended December 31, 2025, and the related notes and our report dated February 18, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Raleigh, North Carolina
February 18, 2026

Blackbaud, Inc.
Consolidated Balance Sheets

(dollars in thousands, except per share amounts)	December 31, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 38,914	$ 67,628
Restricted cash	720,061	741,884
Accounts receivable, net of allowance of $5,876 and $5,228 at December 31, 2025 and December 31, 2024, respectively	80,517	83,539
Customer funds receivable	1,308	1,970
Prepaid expenses and other current assets	89,290	81,572
Total current assets	930,090	976,593
Property and equipment, net	85,076	91,926
Operating lease right-of-use assets	4,630	26,554
Software development costs, net	155,842	148,319
Goodwill	1,056,815	1,052,506
Intangible assets, net	106,654	132,881
Other assets	51,575	67,221
Total assets	$ 2,390,682	$ 2,496,000
Liabilities and stockholders’ equity		
Current liabilities:		
Trade accounts payable	$ 27,344	$ 50,810
Accrued expenses and other current liabilities	43,272	76,484
Due to customers	719,833	742,340
Debt, current portion	22,660	23,875
Deferred revenue, current portion	368,986	358,546
Total current liabilities	1,182,095	1,252,055
Debt, net of current portion	1,087,037	1,051,110
Deferred tax liability	21,981	24,999
Deferred revenue, net of current portion	2,778	2,015
Operating lease liabilities, net of current portion	4,605	34,186
Other liabilities	7,132	4,796
Total liabilities	2,305,628	2,369,161
Commitments and contingencies (see Note 11)		
Stockholders’ equity:		
Preferred stock; 20,000,000 shares authorized; none outstanding	—	—
Common stock, $0.001 par value; 180,000,000 shares authorized; 72,312,354 and 70,943,373 shares issued at December 31, 2025 and December 31, 2024, respectively; 46,705,325 and 49,245,588 shares outstanding at December 31, 2025 and December 31, 2024, respectively	72	71
Additional paid-in capital	1,391,641	1,291,442
Treasury stock, at cost; 25,607,029 and 21,697,785 shares at December 31, 2025 and December 31, 2024, respectively	(1,316,224)	(1,060,348)
Accumulated other comprehensive loss	(5,948)	(4,869)
Retained earnings (accumulated deficit)	15,513	(99,457)
Total stockholders’ equity	85,054	126,839
Total liabilities and stockholders’ equity	$ 2,390,682	$ 2,496,000

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

Blackbaud, Inc.
Consolidated Statements of Comprehensive Income (Loss)

	Years ended December 31,		
(dollars in thousands, except per share amounts)	2025	2024	2023
Revenue	$ 1,128,365	$ 1,154,624	$ 1,107,080
Cost of revenue	465,073	523,198	508,025
Gross profit	663,292	631,426	599,055
Operating expenses			
Sales, marketing and customer success	177,564	197,499	212,158
Research and development	138,130	153,680	147,467
General and administrative	154,610	142,723	189,938
Amortization of intangible assets	2,234	3,541	3,139
EVERFI disposition	—	405,360	—
Total operating expenses	472,538	902,803	552,702
Income (loss) from operations	190,754	(271,377)	46,353
Interest expense	(67,970)	(55,634)	(39,922)
Other income, net	8,999	14,549	12,861
Income (loss) before provision (benefit) for income taxes	131,783	(312,462)	19,292
Income tax provision (benefit)	16,813	(12,938)	16,274
Net income (loss)	$ 114,970	$ (299,524)	$ 3,018
Earnings (loss) per share			
Basic	$ 2.41	$ (5.92)	$ 0.06
Diluted	$ 2.37	$ (5.92)	$ 0.06
Common shares and equivalents outstanding			
Basic weighted average shares	47,680,184	50,560,538	52,546,406
Diluted weighted average shares	48,469,961	50,560,538	53,721,342
Other comprehensive loss			
Foreign currency translation adjustment	$ 8,867	$ (2,822)	$ 5,049
Unrealized loss on derivative instruments, net of tax	(9,946)	(359)	(15,675)
Total other comprehensive loss	(1,079)	(3,181)	(10,626)
Comprehensive income (loss)	$ 113,891	$ (302,705)	$ (7,608)

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

Blackbaud, Inc.
Consolidated Statements of Cash Flows

	Years ended December 31,		
(dollars in thousands)	2025	2024	2023
Cash flows from operating activities			
Net income (loss)	$ 114,970	$ (299,524)	$ 3,018
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	86,215	121,665	109,487
Net provision for credit losses and sales returns	4,382	4,932	4,500
Stock-based compensation expense	92,910	104,968	127,762
Deferred taxes	(181)	(69,530)	(24,368)
Amortization of deferred financing costs and discount	2,480	2,538	1,775
Loss on disposition of businesses	—	16,847	—
EVERFI impairment charges	—	390,204	—
Other non-cash adjustments	(5,177)	2,462	5,023
Changes in operating assets and liabilities, net of acquisition and disposal of businesses:			
Accounts receivable	(938)	4,729	(3,237)
Prepaid expenses and other assets	(4,487)	3,193	16,713
Trade accounts payable	(23,535)	28,336	(18,576)
Accrued expenses and other liabilities	(10,826)	(12,990)	(29,672)
Deferred revenue	9,737	(1,861)	7,209
Net cash provided by operating activities	265,550	295,969	199,634
Cash flows from investing activities			
Purchase of property and equipment	(7,767)	(7,443)	(4,685)
Capitalized software development costs	(54,236)	(59,757)	(59,443)
Purchase of net assets of acquired companies, net of cash and restricted cash acquired	(700)	—	(13)
Cash used in disposition of business	(12,235)	(1,179)	—
Other investing activities	—	(5,029)	(250)
Net cash used in investing activities	(74,938)	(73,408)	(64,391)
Cash flows from financing activities			
Proceeds from issuance of debt	404,500	1,441,400	293,200
Payments on debt	(369,784)	(1,144,709)	(374,595)
Debt issuance costs	—	(6,458)	—
Employee taxes paid for withheld shares upon equity award settlement	(40,403)	(56,828)	(35,867)
Change in due to customers	(25,557)	46,957	(6,812)
Change in customer funds receivable	997	(1,679)	(60)
Purchase of treasury stock, including excise tax payments	(217,152)	(418,034)	(18,831)
Net cash used in financing activities	(247,399)	(139,351)	(142,965)
Effect of exchange rate on cash, cash equivalents and restricted cash	6,250	(1,955)	2,048
Net (decrease) increase in cash, cash equivalents and restricted cash	(50,537)	81,255	(5,674)
Cash, cash equivalents and restricted cash, beginning of year	809,512	728,257	733,931
Cash, cash equivalents and restricted cash, end of year	$ 758,975	$ 809,512	$ 728,257
Supplemental disclosure of cash flow information			
Cash paid for interest	$ (65,603)	$ (51,881)	$ (38,052)
Cash paid for taxes, net of refunds	(28,141)	(60,668)	(35,619)
Non-cash investing and financing activities:			
Purchase of software and services by assuming directly related liabilities	—	(2,073)	(2,491)
Purchase of equipment and other assets included in accounts payable	(798)	(31)	(837)

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown above in the consolidated statements of cash flows:

(dollars in thousands)	December 31, 2025	December 31, 2024
Cash and cash equivalents	$ 38,914	$ 67,628
Restricted cash	720,061	741,884
Total cash, cash equivalents and restricted cash in the statement of cash flows	$ 758,975	$ 809,512

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

Blackbaud, Inc.
Consolidated Statements of Stockholders' Equity

(dollars in thousands)	Common stock Shares	Common stock Amount	Treasury stock Shares	Treasury stock Amount	Additional paid-in capital	Accumulated other comprehensive (loss) income	Retained earnings (accumulated deficit)	Total stockholders' equity
Balance at December 31, 2022	67,814,044	$ 68	(14,745,230)	$ (537,287)	$ 1,075,264	$ 8,938	$ 197,049	$ 744,032
Net income	—	—	—	—	—	—	3,018	3,018
Retirements of common stock[(1)]	(143)	—	—	—	(14)	—	—	(14)
Purchase of treasury shares under stock repurchase program	—	—	(221,836)	(18,831)	—	—	—	(18,831)
Vesting of restricted stock units	1,007,921	—	—	—	—	—	—	—
Shares withheld to satisfy tax withholdings	—	—	(595,798)	(35,439)	—	—	—	(35,439)
Stock-based compensation	—	—	—	—	127,762	—	—	127,762
Restricted stock grants	473,341	1	—	—	—	—	—	1
Restricted stock cancellations	(106,859)	—	—	—	—	—	—	—
Other comprehensive loss	—	—	—	—	—	(10,626)	—	(10,626)
Balance at December 31, 2023	69,188,304	$ 69	(15,562,864)	$ (591,557)	$ 1,203,012	$ (1,688)	$ 200,067	$ 809,903
Net loss	—	—	—	—	—	—	(299,524)	(299,524)
Purchase of treasury shares under stock repurchase program, inclusive of excise tax	—	—	(5,362,439)	(411,963)	(9,246)	—	—	(421,209)
Vesting of restricted stock units	1,410,169	—	—	—	—	—	—	—
Shares withheld to satisfy tax withholdings	—	—	(772,482)	(56,828)	—	—	—	(56,828)
Stock-based compensation	—	—	—	—	97,676	—	—	97,676
Restricted stock grants	422,685	2	—	—	—	—	—	2
Restricted stock cancellations	(77,785)	—	—	—	—	—	—	—
Other comprehensive loss	—	—	—	—	—	(3,181)	—	(3,181)
Balance at December 31, 2024	70,943,373	$ 71	(21,697,785)	$ (1,060,348)	$ 1,291,442	$ (4,869)	$ (99,457)	$ 126,839
Net income	—	—	—	—	—	—	114,970	114,970
Purchase of treasury shares under stock repurchase program, inclusive of excise tax	—	—	(3,337,844)	(215,473)	—	—	—	(215,473)
Vesting of restricted stock units	1,047,828	—	—	—	—	—	—	—
Shares withheld to satisfy tax withholdings	—	—	(571,400)	(40,403)	—	—	—	(40,403)
Stock-based compensation	—	—	—	—	100,199	—	—	100,199
Restricted stock grants	373,318	1	—	—	—	—	—	1
Restricted stock cancellations	(52,165)	—	—	—	—	—	—	—
Other comprehensive loss	—	—	—	—	—	(1,079)	—	(1,079)
Balance at December 31, 2025	72,312,354	$ 72	(25,607,029)	$ (1,316,224)	$ 1,391,641	$ (5,948)	$ 15,513	$ 85,054

(1) Represents shares retired after determining certain EVERFI's selling shareholders would be paid in cash, rather than shares of our common stock.

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

1. Organization

We are the world's leading provider of AI-powered solutions for social impact. Serving nonprofits, educational institutions, companies committed to corporate social responsibility and individual change makers, we propel impact at scale with the sector's most intelligent solutions for fundraising and engagement, education solutions, financial management and CSR and grantmaking. With the deepest expertise powered by the world's largest philanthropic data set, the most connected workflows, and the most powerful impact network, our solutions are building a future where resources are unleashed at the speed of need. We have operations in the United States, Australia, Canada, Costa Rica, India and the United Kingdom, supporting users in 100+ countries.

2. Basis of Presentation

Basis of presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP").

Reclassifications

Our revenue from "recurring" and "one-time services and other" have been combined within "revenue" beginning in 2025 due to the immateriality of our one-time services and other revenue. In order to provide comparability between periods presented, our "recurring" and "one-time services and other" revenue lines have been combined within "revenue" in the previously reported consolidated statements of comprehensive income to conform to the presentation of the current period. Similarly, "cost of recurring" and "cost of one-time services and other" have been combined within "cost of revenue" in the previously reported consolidated statements of comprehensive income to conform to the presentation of the current period.

Revision of prior period financial statements

As disclosed in our third quarter 2025 Form 10-Q, we revised our prior period financial statements and applicable notes to correct for an error related to the previously recorded valuation allowance that was not material to our previously issued consolidated financial statements for the periods impacted, as well as other unrelated immaterial errors and related notes. The appropriate revisions to our historical consolidated financial statements and the related notes thereto are reflected herein. For more information, see Note 2 and Note 13 to our unaudited condensed consolidated financial statements contained in our Quarterly Report on Form 10-Q filed with the SEC on November 3, 2025.

Basis of consolidation

The consolidated financial statements include the accounts of Blackbaud, Inc. and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. On an ongoing basis, we reconsider and evaluate our estimates and assumptions, including those that impact revenue recognition, long-lived and intangible assets, income taxes, business combinations, stock-based compensation, software development costs, our allowances for credit losses and sales returns, costs of obtaining contracts, valuation of derivative instruments, loss contingencies and insurance recoveries, among others. Changes in the facts or circumstances underlying these estimates could result in material changes and actual results could materially differ from these estimates.

Recently adopted accounting pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). This update requires that on a annual basis, entities disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. In addition, the update requires that entities disclose additional information about income taxes paid as well as additional disclosures of pretax income and income tax expense, and remove the requirement to disclose certain items that are no longer considered cost beneficial or relevant. We adopted ASU 2023-09 on December 31, 2025, using a retrospective approach for all annual periods presented.

Because we adopted the standard retrospectively, certain prior-period income tax disclosures for 2024 and 2023 have been revised to conform to the new presentation and disaggregation requirements. These revisions primarily reflect the reclassification of certain reconciling items within the rate reconciliation into the newly prescribed categories and the disaggregation of income taxes paid and income tax expense by jurisdiction. The adoption did not affect previously reported total income tax expense, net income or shareholders' equity for any period presented.

Recently issued accounting pronouncements

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses.* This update is intended to improve transparency by requiring entities to disclose, in the notes to the financial statements, a disaggregation of certain expense categories that are included within the line items presented on the face of the income statement. The standard is effective for our annual reporting period beginning in 2027 and for interim reporting periods beginning in 2028, with early adoption permitted. The standard may be applied either prospectively or retrospectively, with early adoption permitted. We are currently evaluating the timing and method of adoption and assessing the impact of this ASU on the preparation of our financial statement disclosures.

Summary of significant accounting policies

Revenue recognition

Our revenue is primarily generated from the following sources: (i) charging for the use of our software solutions in cloud and hosted environments; and (ii) providing payment and transaction services. Revenue is recognized when control of these services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those services.

We determine revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, we satisfy a performance obligation.

Our recurring revenue includes two components: contractual recurring and transactional recurring.

Contractual recurring

Contractual recurring revenue is primarily comprised of fees for the use of our subscription-based software solutions, which includes providing access to cloud solutions, including cloud solutions that incorporate AI-enabled functionality, online training programs and subscription-based analytic services. Contractual recurring revenue also includes fees from maintenance services for our on-premises solutions.

Contractual recurring revenue represents stand-ready performance obligations in which we are making our solutions or services available to our customers continuously over time and the value of the contract renews. Therefore, contractual recurring revenue is generally recognized over time on a ratable basis over the contract term, beginning on the date that the solution or service is made available to the customer. Our contractual recurring revenue contracts are generally for a term of three years at contract inception with three-year renewals thereafter, billed annually in advance and non-cancelable.

Transactional recurring

Transactional recurring revenue is comprised of fees and voluntary donor contributions (to offset processing fees) associated with the use of our solutions, including donation processing, tuition management, consumer giving and event-based usage.

Our payment services are offered with the assistance of third-party vendors. In general, when we are the principal in a transaction based on the factors identified in ASC 606-10-55-36 through 55-40, we record the revenue and related costs on a gross basis. Otherwise, we net the cost of revenue associated with the service against the gross revenue (amount withheld for the transaction fees) and record the net amount as revenue. For payment and transaction services, we have the right to invoice the customer in an amount that directly corresponds with the value to the customer of our performance to date. Therefore, we recognize revenue for these services over time based on the amount we withhold for the transaction fees in accordance with the 'as invoiced' practical expedient in ASC 606-10-55-18.

One-time services and other

One-time services and other revenue is primarily comprised of fees for one-time consulting, analytic and onsite training services and fees for retained and managed services contracts that we do not expect to have a term consistent with our cloud solution contracts.

We generally bill consulting services based on hourly rates plus reimbursable travel-related expenses. Fixed price consulting engagements are generally billed as milestones towards completion are reached. Revenue for one-time consulting services is generally recognized over time as the services are performed.

Fees for retained and managed services contracts are generally billed in advance and recognized over time on a ratable basis over the contract term, beginning on the date the service is made available to the customer.

Contracts with multiple performance obligations

Some of our contracts with customers contain multiple performance obligations. For these contracts, we account for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. Standalone selling prices of our solutions and services are typically estimated based on observable transactions when the solutions or services are sold on a standalone basis.

Costs of obtaining contracts, contract assets and deferred revenue

We pay sales commissions at the time contracts with customers are signed or shortly thereafter, depending on the size and duration of the sales contract. Sales commissions and related fringe benefits earned by our sales force are considered incremental and recoverable costs of obtaining a contract with a customer. These costs are deferred and then amortized in a manner that aligns with the expected period of benefit, which we have determined to be six years. We determined the period of benefit by taking into consideration our customer contracts, including renewals, retention, our technology and other factors. We generally do not pay commissions for contract renewals that are commensurate with the commission paid on the initial contract. The related amortization expense is included in sales, marketing and customer success expense in our consolidated statements of comprehensive loss.

A contract asset is recorded when revenue is recognized in advance of our right to receive consideration (i.e., we must satisfy additional performance obligations in order to receive consideration). Amounts are recorded as receivables when our right to consideration is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Our contract assets are recorded within prepaid expenses and other current assets on our consolidated balance sheets. To the extent that our customers are billed for our solutions and services in advance of us satisfying the related performance obligations, we record such amounts in deferred revenue.

Sales taxes

We present sales, use, value-added, and similar taxes that are imposed on and collected from customers and remitted to governmental authorities on the customers' behalf on a net basis, and, as such, exclude them from revenues.

Fair value measurements

We measure certain financial assets and liabilities at fair value on a recurring basis, including derivative instruments. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. An active market is defined as a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. We use a three-tier fair value hierarchy to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1 - Quoted prices for identical assets or liabilities in active markets;
- Level 2 - Quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and
- Level 3 - Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

Our financial assets and liabilities are classified in their entirety within the hierarchy based on the lowest level of input that is significant to fair value measurement. Changes to a financial asset's or liability's level within the fair value hierarchy are determined as of the end of a reporting period. All methods of assessing fair value result in a general approximation of value, and such value may never actually be realized.

Derivative instruments

We generally use derivative instruments to manage interest rate and foreign currency exchange risk. We view derivative instruments as risk management tools and do not use them for trading or speculative purposes. Our policy requires that derivatives used for hedging purposes be designated and effective as a hedge of the identified risk exposure at the inception of the contract. Accordingly, changes in fair value of the derivative contract must be highly correlated with changes in the fair value of the underlying hedged item at inception of the hedge and over the life of the hedge contract.

We record all derivative instruments on our consolidated balance sheets at fair value as either an asset or liability. If the derivative is designated as a cash flow hedge, the effective portions of the changes in fair value of the derivative are recorded in other comprehensive loss and reclassified to earnings in a manner that matches the timing of the earnings impact of the hedged transactions. If the derivative is designated as a net investment hedge, the effective portions of the changes in fair value of the derivative are recorded to translation adjustment, a component of other comprehensive loss, and recognized in earnings only when the hedged investment is liquidated. Ineffective portions of the changes in the fair value of cash flow hedges are recognized currently in earnings. See Note 10 to these consolidated financial statements for further discussion of our derivative instruments.

Cash and cash equivalents

We consider all highly liquid investments purchased with an original maturity of three months or less and cash items in transit to be cash equivalents.

Restricted cash due to customers; Customer funds receivable; Due to customers

Restricted cash due to customers consists of monies collected and held at banks, payment processors, or other financial institutions (or in transit) and payable to our customers, net of the associated transaction fees earned. Monies associated with amounts due to customers are segregated in separate bank accounts and used exclusively for the payment of amounts due to customers. This usage restriction is either legally or internally imposed and reflects our intention with regard to such deposits. Customer funds receivable consists of monies we expect to collect and remit to our customers.

Concentration of credit risk

Financial instruments that potentially subject us to concentrations of credit risk consist of cash and cash equivalents, restricted cash due to customers and accounts receivable. Our cash and cash equivalents and restricted cash due to customers are placed with high credit-quality financial institutions. Our accounts receivable is derived from sales to customers. With respect to accounts receivable, we perform ongoing evaluations of our customers and maintain an allowance for credit losses based on historical experience and our expectations of future credit losses. As of and for the years ended December 31, 2025, 2024 and 2023, there were no significant concentrations with respect to our consolidated revenues or accounts receivable.

Property and equipment

We record property and equipment assets at cost and depreciate them over their estimated useful lives using the straight-line method. Leasehold improvements are depreciated over the lesser of the term of the lease or the estimated useful life of the asset. Upon retirement or sale, the cost of assets disposed of and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to earnings. Repair and maintenance costs are expensed as incurred.

Construction-in-progress primarily related to purchases of information technology assets which had not been placed in service at the respective balance sheet dates. We transfer these assets to the applicable property and equipment category on the date they are placed in service. There was no capitalized interest applicable to construction-in-progress for the years ended December 31, 2025 and 2024.

Business combinations

We include the operating results of acquired companies as well as the net assets acquired and liabilities assumed in our consolidated financial statements from the date of acquisition. We are required to allocate the purchase price of acquired companies to the tangible and intangible assets acquired and liabilities assumed at the acquisition date based upon their estimated fair values. Goodwill as of the acquisition date represents the excess of the purchase consideration of an acquired business over the fair value of the underlying net tangible and intangible assets acquired and liabilities assumed.

We apply significant judgment in estimating the fair value of intangible assets acquired, which involves the use of significant assumptions. Significant assumptions used in the valuation of customer relationships include future revenue and operating expenses, customer attrition rates, contributory asset charges, tax amortization benefit, and discount rates. Significant assumptions used in the valuation of certain developed technology assets include future revenue, proprietary technology obsolescence curve, royalty rate, and discount rate. Significant assumptions used in the valuation of marketing assets include assumptions about the period of time the brand will continue to be valuable, royalty rate, and discount rate. Significant assumptions used in the valuation of content intangible assets include cost-based assumptions. Our estimates of fair value are based upon assumptions we believe to be reasonable, but which are inherently uncertain and unpredictable, and unanticipated events and changes in circumstances may occur.

Goodwill

Goodwill represents the purchase price in excess of the net amount assigned to assets acquired and liabilities assumed by us in a business combination. Goodwill is not amortized, but tested annually for impairment on the first day of our fourth quarter, or more frequently if indicators of potential impairment arise.

Accounting guidance permits entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis to determine whether it is necessary to perform the quantitative impairment test. Significant judgment is required in the assessment of qualitative factors, including but not limited to an evaluation of macroeconomic conditions as they relate to our business, industry and market trends, as well as the overall future financial performance of identified reporting units and future opportunities in the markets in which we operate.

The quantitative impairment test compares the fair values of identified reporting units with their respective carrying amounts. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. Based on our current internal reporting structure, we have one operating segment, one reportable segment, and one reporting unit. In each of 2025, 2024 and 2023, we performed the impairment assessment, which indicated that the estimated fair values of the identified reporting units significantly exceeded their respective carrying values. There were no impairments of goodwill during 2025, 2024 and 2023.

Intangible assets other than goodwill

We amortize finite-lived intangible assets over their estimated useful lives as follows.

	Basis of amortization	Amortization period (in years)
Customer relationships	Curve of Economic Benefit[1]	10-17
Marketing assets	Curve of Economic Benefit[1]	15
Developed technology	Straight-line and Curve of Economic Benefit[1]	2-14

(1) Certain of the customer relationships, marketing assets and developed technology assets are amortized on a curve that represents the expected period of economic benefit.

We write off the gross carrying amount and accumulated amortization balances for all fully amortized intangible assets. We evaluate the estimated useful lives and the potential for impairment of finite and indefinite-lived intangible assets on an annual basis or more frequently if events or circumstances indicate revised estimates of useful lives may be appropriate or that the carrying amount may be impaired. If the carrying amount of a finite-lived intangible asset is no longer recoverable based upon the undiscounted cash flows of the asset, the amount of impairment is the difference between the carrying amount and the fair value of the asset. Substantially all of our intangible assets were acquired in business combinations. See Note 6 to these consolidated financial statements for a discussion of our impairment of certain intangible assets during 2024. There were no impairments of acquired intangible assets during 2025 and 2023.

Impairment of long-lived assets

We review long-lived assets for impairment when events change or circumstances indicate the carrying amount may not be recoverable. Events or changes in circumstances that indicate the carrying amount may not be recoverable include, but are not limited to, a significant decrease in the market value of the business or asset acquired, a significant adverse change in the extent or manner in which the business or asset acquired is used or significant adverse change in the business climate. If such events or changes in circumstances are present, the undiscounted cash flow method is used to determine whether the asset or asset group is impaired. There were no impairments of long-lived assets during 2025. See Note 6 to these consolidated financial statements for a discussion of our impairment of certain long-lived assets during 2024 and 2023.

Deferred financing costs and debt discount

Deferred financing costs included in other assets represent the direct third-party costs of entering into the revolving (line-of-credit) portion of our credit facility in April 2024 and portions of the unamortized deferred financing costs from prior facilities. These costs are amortized ratably over the term of the credit facility as interest expense.

Other debt issuance costs, as well as the debt discount associated with the 2024 Credit Facilities (as defined below) and portions of the unamortized balances from prior facilities, are recorded as a direct deduction from debt. These costs are amortized over the term of the credit facility as interest expense.

Stock-based compensation

We measure stock-based compensation cost at the grant date based on the fair value of the award and recognize it as expense over the requisite service period, which is the vesting period.

We recognize the effect of awards for which the requisite service period is not rendered when the award is forfeited (that is, we recognize the effect of forfeitures in compensation cost when they occur). Previously recognized compensation cost for an award is reversed in the period that the award is forfeited. Income tax benefits resulting from the vesting and exercise of stock-based compensation awards are recognized in the period the unit or award is vested or option or right is exercised.

Income taxes

We make estimates and judgments in accounting for income taxes. The calculation of the income tax provision requires estimates due to transactions, credits and calculations where the ultimate tax determination is uncertain. Uncertainties arise as a consequence of the actual source of taxable income between domestic and foreign locations, the outcome of tax audits and the ultimate utilization of tax credits. To the extent actual results differ from estimated amounts recorded, such differences will impact the income tax provision in the period in which the determination is made.

We make estimates in determining tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes. We record valuation allowances to reduce our deferred tax assets to the amount expected to be realized. In assessing the adequacy of a recorded valuation allowance significant judgment is required. We consider all positive and negative evidence and a variety of factors including the scheduled reversal of deferred tax liabilities, historical and projected future taxable income, and prudent and feasible tax planning strategies. If we determine there is less than a 50% likelihood that we will be able to use a deferred tax asset in the future in excess of its net carrying value, then an adjustment to the deferred tax asset valuation allowance is made to increase income tax expense, thereby reducing net income in the period such determination was made.

We measure and recognize uncertain tax positions. To recognize such positions, we must first determine if it is more likely than not that the position will be sustained upon audit. These positions include interest and/or penalties. We may release or increase unrecognized tax benefits as audits progress, as statutes of limitations expire, or as other facts or laws may change impacting these positions. It is reasonably possible that the amount of unrecognized tax benefits could change within the next twelve months due to audit activity or changes in tax law. Significant judgment is required in the identification and measurement of uncertain tax positions.

Foreign currency translation and remeasurement differences may affect our deferred tax balances and income tax expense, and in accordance with ASC 740 we do not recognize deferred taxes for temporary differences arising solely from exchange-rate changes.

Foreign currency

Net assets recorded in a foreign currency are translated at the exchange rate on the balance sheet date. Revenue and expense items are translated using an average of daily exchange rates. The resulting translation adjustments are recorded in accumulated other comprehensive income.

Gains and losses resulting from foreign currency transactions denominated in currency other than the functional currency are recorded at the approximate rate of exchange at the transaction date in other income, net. For the years ended December 31, 2025 and 2023, we recorded net foreign currency losses that were $2.8 million and insignificant, respectively. During the year ended December 31, 2024, we recorded a net foreign currency gain that was insignificant.

Research and development

Research and development costs are expensed as incurred except as noted below under *Software development costs*. These costs include compensation costs for engineering and product management personnel, third-party contractor expenses, software development tools and other expenses related to researching and developing new solutions or upgrading and enhancing existing solutions that do not qualify for capitalization, and allocated depreciation, facilities and IT support (including cybersecurity) costs.

Software development costs

We incur certain costs associated with the development of internal-use software, which are primarily related to activities performed to develop our cloud solutions and the development of online education curriculum to be delivered on the Company's cloud platform. Internal and external costs incurred in the preliminary project stage of internal-use software development are expensed as incurred. Once the software or content being developed has reached the application development stage, qualifying internal costs including payroll and payroll-related costs of employees who are directly associated with and devote time to the software or content project as well as external direct costs of materials and services are capitalized. Capitalization ceases at the point at which the developed software or content is substantially complete and ready for its intended use, which is typically upon completion of all substantial testing. Qualifying costs capitalized during the application development stage include those related to specific upgrades and enhancements when it is probable that those costs incurred will result in additional functionality. Overhead costs, including general and administrative costs, as well as

maintenance, training and all other costs associated with post-implementation stage activities are expensed as incurred. In addition, internal costs that cannot be reasonably separated between maintenance and relatively minor upgrades and enhancements are expensed as incurred.

Qualifying capitalized software development costs are amortized on a straight-line basis over the software asset's estimated useful life, which is generally three to seven years. We evaluate the useful lives of these assets on an annual basis and test for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets. See Note 6 to these consolidated financial statements for a discussion of our impairment of certain capitalized software development costs during 2024. There were no impairments of capitalized software assets during 2025 and 2023. We write off the gross carrying amount and accumulated amortization balances for all fully amortized capitalized software development cost assets.

Allowance for credit losses

Our accounts receivable consist of a single portfolio segment. Accounts receivable are recorded at original invoice amounts less an allowance for credit losses, an amount we estimate to be sufficient to provide adequate protection against lifetime expected losses resulting from extending credit to our customers. In judging the adequacy of the allowance for credit losses, we consider multiple factors including historical bad debt experience, the current aging of our receivables and current economic conditions that may affect our customers' ability to pay. Judgment is required in assessing these factors and if any receivables were to deteriorate, an additional provision for credit losses could be required. Accounts are written off after all means of collection are exhausted and recovery is considered remote. Provisions for credit losses are recorded in general and administrative expense.

Below is a summary of the changes in our allowance for credit losses.

Years ended December 31, (in thousands)	Balance at beginning of year	Provision/ adjustment	Write-offs charged against allowance	Recoveries collected	Balance at end of year
2025	$ 4,488	$ 4,195	$ (4,315)	$ 581	$ 4,949
2024	6,096	3,010	(4,833)	215	4,488
2023	6,022	2,012	(2,539)	601	6,096

Allowance for sales returns

We maintain a reserve for returns and credits which is estimated based on several factors including historical experience, known credits yet to be issued, the aging of customer accounts and the nature of service level commitments. Judgment is required in assessing these factors. Provisions for sales returns and credits are charged against the related revenue items.

Below is a summary of the changes in our allowance for sales returns.

Years ended December 31, (in thousands)	Balance at beginning of year	Provision	Utilization of allowance	Balance at end of year
2025	$ 740	$ 4,678	$ (4,491)	$ 927
2024	811	2,966	(3,037)	740
2023	1,296	2,488	(2,973)	811

The allowance presented on the consolidated balance sheets represents the combined allowance for credit losses and the allowance for sales returns. The net provision for credit losses and sales returns presented in operating activities on our consolidated statement of cash flows reflects the net non-cash impact of current-period expense and contra-revenue adjustments, while utilization of prior-period estimates is reflected in changes in operating assets and liabilities.

Advertising costs

We expense advertising costs as incurred, which were $16.1 million, $16.0 million and $14.0 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Restructuring costs

Restructuring costs include charges for the costs of exit or disposal activities. The liability for costs associated with exit or disposal activities is measured initially at fair value and only recognized when the liability is incurred.

Leases

We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, accrued expense and other current liabilities, and operating lease liabilities, net of current portion in our consolidated balance sheet as of December 31, 2025 and 2024.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we generally use our incremental borrowing rate in determining the present value of lease payments. Our incremental borrowing rate is based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at the commencement date. We use the implicit rate when readily determinable. The operating lease ROU asset also includes any initial direct costs and lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments related to our operating leases is recognized on a straight-line basis over the lease term. We have lease agreements with lease and non-lease components, which are generally accounted for separately. We do not recognize short-term leases (those that, at the commencement date, have a lease term of 12 months or less) on our consolidated balance sheets. Variable lease payments, which are primarily comprised of common-area maintenance, utilities and real estate taxes that are passed on from the lessor in proportion to the space leased by us, are recognized in operating expenses in the period in which the obligation for those payments is incurred.

Loss contingencies

We are subject to the possibility of various loss contingencies, including legal proceedings and claims, that arise in the normal course of business, as well as certain other non-ordinary course proceedings, claims and investigations, as described in Note 11 to these consolidated financial statements. We record an accrual for a loss contingency when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Often these issues are subject to substantial uncertainties and, therefore, the probability of loss and the estimation of damages are difficult to ascertain. These assessments can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions that have been deemed reasonable by us. Although we believe we have substantial defenses in these matters, we could incur judgments or enter into settlements of claims that could have a material adverse effect on our consolidated financial position, results of operations or cash flows in any particular period.

Earnings (loss) per share

We compute basic earnings (loss) per share by dividing net income (loss) attributable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net income attributable to common stockholders by the weighted average number of common shares and dilutive potential common shares outstanding during the period. Diluted earnings per share reflects the assumed exercise, settlement and vesting of all dilutive securities using the “treasury stock method” except when the effect is anti-dilutive. Potentially dilutive securities consist of shares issuable upon the exercise of stock options and stock appreciation rights and vesting of restricted stock awards and units. In periods where there are net losses and the inclusion of potentially dilutive securities would be anti-dilutive, diluted loss per share is the same as basic loss per share.

3. Business Combinations and Dispositions

2024 dispositions

EVERFI, LLC

On December 31, 2024, we disposed of our EVERFI business, formerly a wholly-owned subsidiary of Blackbaud, Inc, to a private investment firm that is unaffiliated with Blackbaud for nominal cash consideration. We incurred $14.0 million of costs associated with the disposition of this business, all of which were recorded as accrued expenses and other liabilities as of December 31, 2024. As a result of the disposition, we recorded a loss of $15.2 million, which included direct costs to sell the business. This loss on disposition together with EVERFI impairment charges are recorded within EVERFI disposition on our consolidated statements of comprehensive loss for the year ended December 31, 2024.

EVERFI Limited

On March 2, 2024, we completed a transaction to divest our U.K.-based creative services business EVERFI Limited, formerly a wholly-owned subsidiary of EVERFI, Inc, which was a wholly-owned subsidiary of Blackbaud, Inc. EVERFI Limited's total revenue during 2023 was $8.4 million. We incurred an insignificant amount of legal costs associated with the disposition of this business. As a result of the disposition, we recorded a $1.6 million loss, which was recorded in general and administrative expense on our consolidated statements of comprehensive loss for the year ended December 31, 2024.

4. Goodwill and Other Intangible Assets

The change in goodwill during 2025 consisted of the following:

(dollars in thousands)	Total
Balance at December 31, 2024	$ 1,052,506
Effect of foreign currency translation	4,309
Balance at December 31, 2025	$ 1,056,815

We have recorded intangible assets acquired in various business combinations based on their fair values at the date of acquisition. The table below sets forth the balances of each class of intangible asset and related amortization as of:

	December 31,	
(dollars in thousands)	2025	2024
Finite-lived gross carrying amount		
Customer relationships	$ 232,405	$ 243,203
Marketing assets	32,170	29,876
Developed technology	111,534	110,606
Total finite-lived gross carrying amount	376,109	383,685
Accumulated amortization		
Customer relationships	(175,591)	(173,720)
Marketing assets	(14,838)	(11,660)
Developed technology	(79,026)	(65,424)
Total accumulated amortization	(269,455)	(250,804)
Intangible assets, net	$ 106,654	$ 132,881

During the year ended December 31, 2025, changes to the gross carrying amounts of intangible asset classes were primarily related to write-offs of fully amortized intangible assets and the effect of foreign currency translation.

EVERFI impairment charges

As previously disclosed, on December 9, 2024, we concluded that a material impairment charge was required related to its EVERFI asset group, which primarily included finite-lived intangible assets and capitalized software development costs. On December 29, 2024, we classified EVERFI's assets and liabilities as held for sale and we determined there would be an additional impairment charge to record the EVERFI disposal group at its estimated fair value less costs to sell resulting in total noncash impairment charges of $390.2 million. On December 31, 2024, we disposed of EVERFI for a nominal amount that resulted in a loss on disposition of $15.2 million, which together with the impairment charges, is recorded within EVERFI disposition on our consolidated statements of comprehensive loss for the year ended December 31, 2024. See Note 3 to these consolidated financial statements for additional information about the disposition of EVERFI.

Amortization expense

Amortization expense related to finite-lived intangible assets acquired in business combinations is allocated to cost of revenue on the consolidated statements of comprehensive income based on the revenue stream to which the asset contributes, except for marketing assets and non-compete agreements, for which the associated amortization expense is included in operating expenses.

The following table summarizes amortization expense of our finite-lived intangible assets:

	Years ended December 31,		
(dollars in thousands)	2025	2024	2023
Included in cost of revenue	$ 27,644	$ 56,957	$ 52,463
Included in operating expenses	2,234	3,541	3,139
Total amortization of intangibles from business combinations	$ 29,878	$ 60,498	$ 55,602

The following table outlines the estimated future amortization expense for each of the next five years for our finite-lived intangible assets as of December 31, 2025:

Years ending December 31, (dollars in thousands)	Amortization expense
2026	$ 24,841
2027	21,403
2028	15,753
2029	14,335
2030	10,587
Total	$ 86,919

5. Earnings (Loss) Per Share

The following table sets forth the computation of basic and diluted earnings (loss) per share:

	Years ended December 31,		
(dollars in thousands, except per share amounts)	2025	2024	2023
Numerator:			
Net income (loss)	$ 114,970	$ (299,524)	$ 3,018
Denominator:			
Weighted average common shares	47,680,184	50,560,538	52,546,406
Add effect of dilutive securities:			
Restricted stock and units	789,777	—	1,174,936
Weighted average common shares assuming dilution	48,469,961	50,560,538	53,721,342
Earnings (loss) per share			
Basic	$ 2.41	$ (5.92)	$ 0.06
Diluted	$ 2.37	$ (5.92)	$ 0.06
Anti-dilutive shares excluded from calculations of diluted earnings (loss) per share	621,562	54,236	45,614

Diluted loss per share for the year ended December 31, 2024 was the same as basic loss per share as there was a net loss in the period and inclusion of potentially dilutive securities was anti-dilutive.

6. Fair Value Measurements

Recurring fair value measurements

Financial assets and liabilities that are measured at fair value on a recurring basis consisted of the following, as of the dates indicated below:

	Fair value measurement using			
(dollars in thousands)	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Fair value as of December 31, 2025				
Financial assets:				
Interest rate swaps	$ —	$ 501	$ —	$ 501
Foreign currency forward contracts	—	77	—	77
Total financial assets	$ —	$ 578	$ —	$ 578
Fair value as of December 31, 2025				
Financial liabilities:				
Interest rate swaps	$ —	$ 3,257	$ —	$ 3,257
Foreign currency forward contracts	—	265	—	265
Total financial liabilities	$ —	$ 3,522	$ —	$ 3,522
Fair value as of December 31, 2024				
Financial assets:				
Interest rate swaps	$ —	$ 9,262	$ —	$ 9,262
Foreign currency forward contracts	—	1,288	—	1,288
Total financial assets	$ —	$ 10,550	$ —	$ 10,550

Our derivative instruments within the scope of Accounting Standards Codification ("ASC") 815, *Derivatives and Hedging*, are required to be recorded at fair value. Our derivative instruments that are recorded at fair value include interest rate swaps and foreign currency forward contracts. See Note 10 to these consolidated financial statements for additional information about our derivative instruments.

The fair value of our interest rate swaps and foreign currency forward contracts are based on model-driven valuations using Secured Overnight Financing Rate ("SOFR") rates and foreign currency forward rates, respectively, which are observable at commonly quoted intervals. Accordingly, our interest rate swaps and foreign currency forward contracts are classified within Level 2 of the fair value hierarchy.

We believe the carrying amounts of our cash and cash equivalents, restricted cash, accounts receivable, trade accounts payable, accrued expenses and other current liabilities and due to customers approximate their fair values at December 31, 2025 and December 31, 2024, due to the immediate or short-term maturity of these instruments.

We believe the carrying amount of our debt approximates its fair value at December 31, 2025 and December 31, 2024, as the debt bears interest rates that approximate market value. As SOFR rates are observable at commonly quoted intervals, our debt under the 2024 Credit Facilities (as defined below) is classified within Level 2 of the fair value hierarchy. The fair value of our fixed rate debt does not exceed the carrying amount.

We did not transfer any assets or liabilities among the levels within the fair value hierarchy during the years ended December 31, 2025, 2024 and 2023.

Non-recurring fair value measurements

Assets and liabilities that are measured at fair value on a non-recurring basis include long-lived assets, intangible assets, goodwill and operating lease ROU assets. These assets are recognized at fair value during the period in which an acquisition is completed or at lease commencement, from updated estimates and assumptions during the measurement period, or when they are considered to be impaired. These non-recurring fair value measurements, primarily for long-lived assets, intangible assets acquired and operating lease ROU assets, are based on Level 3 unobservable inputs.

For long-lived assets, intangible assets and operating lease ROU assets, in the event of an impairment, we determine the fair value of these assets other than goodwill using a discounted cash flow approach, which contains significant unobservable inputs and, therefore, is considered a Level 3 fair value measurement. The unobservable inputs in the analysis generally include future cash flow projections and a discount rate. For goodwill impairment testing, we estimate fair value using market-based methods including the use of market capitalization and consideration of a control premium.

There were no significant non-recurring fair value adjustments during 2025.

During the year ended December 31, 2024, we recorded noncash impairment charges of $367.5 million against certain intangible assets, noncash impairment charges of $22.6 million against certain previously capitalized software development costs, noncash impairment charges of $3.1 million against certain operating lease ROU assets and noncash impairment charges against certain property and equipment assets, which were insignificant. See Notes 4, 7, and 11, respectively, to these consolidated financial statements for additional details.

During the year ended December 31, 2023, we recorded noncash impairment charges of $5.6 million against certain operating lease ROU assets and $1.1 million impairment charges against certain property and equipment assets. See Notes 11 and 7, respectively, to these consolidated financial statements for additional details.

Other than the items described above, there were no other non-recurring fair value adjustments during 2024 or 2023, except for certain immaterial business combination accounting adjustments to the initial fair value estimates of the assets acquired and liabilities assumed at the acquisition date from updated estimates and assumptions during the measurement period.

7. Property and Equipment and Software Development Costs

Property and equipment

Property and equipment consisted of the following as of:

(dollars in thousands)	Estimated useful life (years)	December 31, 2025	December 31, 2024
Land	—	$ 9,548	$ 9,548
Building	39	61,284	61,284
Building improvements	4 - 20	13,097	12,112
Equipment	1 - 5	1,949	2,448
Computer hardware	2 - 5	27,755	36,632
Computer software	1 - 5	11,531	20,455
Construction in progress	—	273	—
Furniture and fixtures	1 - 7	3,784	4,849
Leasehold improvements	Lesser of lease term or estimated useful life	5,787	10,206
Total property and equipment		135,008	157,534
Less: accumulated depreciation		(49,932)	(65,608)
Property and equipment, net		$ 85,076	$ 91,926

Depreciation expense was $10.1 million, $12.8 million and $13.0 million for the years ended December 31, 2025, 2024 and 2023, respectively.

During the year ended December 31, 2024, we recorded insignificant noncash impairment charges against certain property and equipment assets. During the year ended December 31, 2023, we recorded noncash impairment charges of $1.1 million against certain property and equipment assets. Each of these impairment charges resulted from our entry into subleases for different portions of our Washington, DC office location, which we closed in February 2023 to align with our Remote-Flexible workforce strategy. These charges are included in general and administrative expense on our consolidated statements of comprehensive income (loss).

Software development costs

Software development costs consisted of the following as of:

(dollars in thousands)	Estimated useful life (years)	December 31, 2025	December 31, 2024
Software development costs	3 - 7	$ 305,723	$ 268,510
Less: accumulated amortization		(149,881)	(120,191)
Software development costs, net		$ 155,842	$ 148,319

During the year ended December 31, 2024, we recorded noncash impairment charges of $22.6 million against certain previously capitalized software development costs. The impairment charges are included in EVERFI impairment charges within EVERFI disposition on our consolidated statements of comprehensive loss. For additional information, see the discussion of the EVERFI impairment charges in Note 4 to these consolidated financial statements.

Other changes to the gross carrying amount of software development costs were primarily related to qualifying costs associated with development activities that are required to be capitalized under the internal-use software accounting guidance such as those for our cloud solutions, write-offs of fully amortized assets, and the effect of foreign currency translation.

Amortization expense related to software development costs was $46.3 million, $48.3 million and $42.8 million for the years ended December 31, 2025, 2024 and 2023, respectively, and is included primarily in cost of revenue.

8. Consolidated Financial Statement Details

Restricted cash

(dollars in thousands)	December 31, 2025	December 31, 2024
Restricted cash due to customers	$ 718,525	$ 740,370
Real estate escrow balances and other	1,536	1,514
Total restricted cash	$ 720,061	$ 741,884

Prepaid expenses and other assets

(dollars in thousands)	December 31, 2025	December 31, 2024
Costs of obtaining contracts[(1)(2)]	$ 56,002	$ 57,911
Prepaid software maintenance and subscriptions[(3)]	31,014	36,277
Taxes, prepaid and receivable	11,871	4,257
Implementation costs for cloud computing arrangements, net[(4)(5)]	11,055	10,450
Unbilled accounts receivable	8,763	7,352
Investment in equity securities[(6)]	4,943	4,943
Prepaid insurance	2,164	3,027
Derivative instruments	578	10,550
Other assets	14,475	14,026
Total prepaid expenses and other assets	140,865	148,793
Less: Long-term portion	51,575	67,221
Prepaid expenses and other current assets	$ 89,290	$ 81,572

(1) Amortization expense from costs of obtaining contracts was $20.3 million, $20.1 million and $31.9 million for the years ended December 31, 2025, 2024 and 2023, respectively, and is included in sales, marketing and customer success expense in our consolidated statements of comprehensive loss.
(2) The current portion of costs of obtaining contracts as of December 31, 2025 and 2024 was $18.5 million and $18.4 million, respectively.
(3) The current portion of prepaid software maintenance and subscriptions as of December 31, 2025 and December 31, 2024 was $30.4 million and $34.0 million, respectively.
(4) These costs primarily relate to the implementations of our global enterprise resource planning system, customer relationship management systems and other cloud-based systems.
(5) Amortization expense from capitalized cloud computing implementation costs was $3.4 million, $2.9 million and $2.5 million for the years ended December 31, 2025, 2024 and 2023, respectively. Accumulated amortization for these costs was $14.0 million and $10.6 million as of December 31, 2025 and 2024, respectively.
(6) Represents a strategic investment that did not result in Blackbaud having significant influence over the investee.

Accrued expenses and other liabilities

(dollars in thousands)	December 31, 2025	December 31, 2024
Taxes payable	$ 9,945	$ 16,295
Customer credit balances	9,975	9,269
Accrued commissions and salaries	3,849	4,012
Derivative instruments	3,522	—
Accrued health care costs	3,173	3,151
Unrecognized tax benefit	3,051	4,285
Accrued transaction-based costs related to payments services	2,775	3,903
Accrued vacation costs	2,462	2,060
Operating lease liabilities, current portion	1,559	4,489
Accrued legal costs(1)	642	2,504
Stock-based compensation liability	—	7,292
Accrued costs to sell EVERFI(2)	—	13,985
Other liabilities	9,451	10,035
Total accrued expenses and other liabilities	50,404	81,280
Less: Long-term portion	7,132	4,796
Accrued expenses and other current liabilities	$ 43,272	$ 76,484

(1) All accrued legal costs are classified as current. See Note 11 to these consolidated financial statements for additional information about our loss contingency accruals and other legal expenses.
(2) See Note 3 for a discussion of our sale of EVERFI on December 31, 2024.

Other income, net

	Years ended December 31,		
(dollars in thousands)	2025	2024	2023
Interest income	$ 7,892	$ 9,846	$ 8,821
Currency revaluation (losses) gains	(2,846)	487	(36)
Other income, net	3,953	4,216	4,076
Other income, net	$ 8,999	$ 14,549	$ 12,861

9. Debt

The following table summarizes our debt balances and the related weighted average effective interest rates, which includes the effect of interest rate swap agreements.

	Debt balance at		Weighted average effective interest rate at	
(dollars in thousands)	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Credit facility:				
Revolving credit loans	$ 286,400	$ 229,900	5.50 %	6.37 %
Term loans	770,000	790,000	5.21 %	5.59 %
Real estate loans	53,352	55,135	5.23 %	5.23 %
Other debt	691	2,783	9.13 %	8.77 %
Total debt	1,110,443	1,077,818	5.29 %	5.75 %
Less: Unamortized discount and debt issuance costs	746	2,833		
Less: Debt, current portion	22,660	23,875	5.49 %	6.21 %
Debt, net of current portion	$ 1,087,037	$ 1,051,110	5.28 %	5.73 %

2024 refinancing

In April 2024, we entered into a 5-year $1.5 billion Amended and Restated Credit Agreement (the "2024 Credit Agreement"). The 2024 Credit Agreement matures in April 30, 2029 and replaced our 5-year $1.1 billion credit facility entered into during October 2020 (the "2020 Credit Agreement") by amending and restating it to include a $700.0 million revolving credit facility (the “2024 Revolving Facility”) and an $800.0 million term loan facility (the “2024 Term Facility” and together with the 2024 Revolving Facility, the “2024 Credit Facilities”). Upon closing, we borrowed $800.0 million pursuant to the 2024 Term Facility and $208.2 million pursuant to the 2024 Revolving Facility and used the proceeds to repay the outstanding principal balances of the term loans under the 2020 Credit Agreement, and repay $196.6 million of outstanding revolving credit loans under the 2020 Credit Agreement.

Summary of the 2024 Credit Facilities

The 2024 Revolving Facility includes (i) a $50.0 million letter of credit subfacility, (ii) a $50.0 million swingline subfacility and (iii) a $150.0 million sublimit available for multicurrency borrowings.

Under the 2024 Credit Facilities, dollar tranche revolving loans and term loans bear interest at a rate per annum equal to, at the option of the Company: (a) a base rate equal to the highest of (i) the Federal Funds Rate plus 0.50%, (ii) the prime rate announced by Bank of America, N.A., and (iii) Term SOFR plus 1.00% (the “Base Rate”), plus an applicable margin as specified in the 2024 Credit Agreement (the “Applicable Margin”); (b) Term SOFR plus the Applicable Margin; or (c) the Daily SOFR Rate plus the Applicable Margin. The Applicable Margin shall be adjusted quarterly, varies based on our net leverage ratio and varies based on whether the loan is a Base Rate Loan (0.375% to 1.500%), or a Term SOFR Loan/Daily SOFR Loan (1.375% to 2.500%). The 2024 Credit Agreement also provides for a commitment fee of between 0.250% and 0.500% of the unused commitment under the 2024 Revolving Facility depending on our net leverage ratio.

Under the 2024 Credit Facilities, designated currency tranche revolving loans bear interest at a rate per annum equal to, at the option of the Company: (a) the Designated Currency Daily Rate (as defined in the 2024 Credit Agreement) plus the Applicable Margin; or (b) the Designated Currency Term Rate (as defined in the 2024 Credit Agreement) plus the Applicable Margin. The Applicable Margin shall be adjusted quarterly and varies based on our net leverage ratio for both Designated Currency Daily Rate Loans and Designated Currency Term Rate Loans (1.375% to 2.500%).

We may prepay the 2024 Credit Agreement in whole or in part at any time without premium or penalty, other than customary breakage costs with respect to certain types of loans.

Under the terms of the 2024 Credit Agreement, we are entitled on one or more occasion, subject to the satisfaction of certain conditions, to request an increase in the commitments under the 2024 Revolving Facility and/or request additional incremental term loans in the aggregate principal amount of up to the sum of (i) the greater of (A) $360.0 million and (B) 100% of EBITDA (as defined in the 2024 Credit Agreement), plus (ii) at our option, up to an amount such that the net leverage

ratio shall be no greater than 3.50 to 1.00. At December 31, 2025, our available borrowing capacity under the 2024 Credit Agreement was $413.6 million.

The 2024 Credit Agreement contains various representations, warranties and affirmative, negative and financial covenants customary for financings of this type. Financial covenants include a net leverage ratio and an interest coverage ratio. At December 31, 2025, we were in compliance with our debt covenants under the 2024 Credit Facilities.

Financing costs

In connection with our entry into the 2024 Credit Agreement, we paid $6.5 million in financing costs, of which $1.6 million were capitalized in other assets and, together with a portion of the unamortized deferred financing costs from the 2020 Credit Agreement and prior agreements, are being amortized into interest expense over the term of the new facility. We recorded aggregate financing costs of $3.6 million as a direct deduction from the carrying amount of our debt liability, which related to debt discount (fees paid to lenders) and debt issuance costs for the 2024 Term Facility.

As of December 31, 2025 and 2024, deferred financing costs totaling $1.3 million and $1.7 million, respectively, were included in other assets on our consolidated balance sheets.

Real estate loans

In August 2020, we completed the purchase of our global headquarters facility. As part of the purchase price, we assumed the Seller's obligations under two senior secured notes with a then-aggregate outstanding principal amount of $61.1 million (collectively, the "Real Estate Loans"). The Real Estate Loans require periodic principal payments and the balance of the Real Estate Loans are due upon maturity in April 2038. At December 31, 2025, we were in compliance with our debt covenants under the Real Estate Loans.

Other debt

From time to time, we enter into third-party financing agreements for purchases of software and related services for our internal use. Generally, the agreements are non-interest-bearing notes requiring annual payments. Interest associated with the notes is imputed at the rate we would incur for amounts borrowed under our then-existing credit facility at the inception of the notes. Our assumption of these loans are noncash financing transactions and are reflected in our supplemental disclosure of cash flow information.

The following table summarizes our currently effective financing agreements as of December 31, 2025:

(dollars in thousands)	Term in Months	Number of Annual Payments	First Annual Payment Due	Original Loan Value
Effective dates of agreements[(1)]:				
December 2022	39	3	January 2023	$ 1,710
January 2023	36	3	April 2023	2,491
April 2024	36	3	May 2024	2,073

(1) Represent noncash investing and financing transactions during the periods indicated as we purchased software and services by assuming directly related liabilities.

The changes in supplier financing obligations during the year ended December 31, 2025, consisted of the following:

(dollars in thousands)	Total
Balance at December 31, 2024	$ 2,783
Additions	—
Payments	(2,092)
Balance at December 31, 2025	$ 691

As of December 31, 2025, the required annual maturities related to the 2024 Credit Facilities, the Real Estate Loans and our other debt were as follows:

Years ending December 31, (dollars in thousands)	Annual maturities
2026	$ 22,660
2027	22,166
2028	22,375
2029	998,996
2030	2,831
Thereafter	41,415
Total required maturities	$ 1,110,443

10. Derivative Instruments

We generally use derivative instruments to manage our interest rate and foreign currency exchange risk. We currently have derivatives classified as cash flow hedges and net investment hedges. We do not enter into any derivatives for trading or speculative purposes.

All of our derivative instruments are governed by International Swap Dealers Association, Inc. master agreements with our counterparties. As of December 31, 2025 and December 31, 2024, we have presented the fair value of our derivative instruments at the gross amounts in the consolidated balance sheet as the gross fair values of our derivative instruments equaled their net fair values.

Cash flow hedges

We have entered into interest rate swap agreements, which effectively convert portions of our variable rate debt under the 2024 Credit Facilities to a fixed rate for the term of the swap agreements. We designated each of the interest rate swaps as cash flow hedges at the inception of the contracts. Our entry into the 2024 Credit Agreement in April 2024 did not affect our interest rate swap agreements, including their designation as cash flow hedges, as the 2024 Credit Agreement has substantially the same critical terms as the 2020 Credit Agreement. As of December 31, 2025 and December 31, 2024, the aggregate notional values of the interest rate swaps were $700.0 million. All of the contracts have maturities on or before October 2028.

We have entered into foreign currency forward contracts to hedge revenues denominated in the Canadian Dollar ("CAD") against changes in the exchange rate with the United States Dollar ("USD"). We designated each of these foreign currency forward contracts as cash flow hedges at the inception of the contracts. As of December 31, 2025 and December 31, 2024, the aggregate notional values of the foreign currency forward contracts designated as cash flow hedges that we held to buy USD in exchange for Canadian Dollars were $32.9 million CAD and $32.8 million CAD, respectively. All of the contracts have maturities of 12 months or less.

Net investment hedges

We have entered into foreign currency forward contracts to hedge a portion of the foreign currency exposure that arises on translation of our investments denominated in British Pounds ("GBP") into USD. We designated each of these foreign currency forward contracts as net investment hedges at the inception of the contracts. As of December 31, 2025 and December 31, 2024, the aggregate notional values of the foreign currency forward contracts designated as net investment hedges to reduce the volatility of the U.S. dollar value of a portion of our GBP-denominated investments was £12.0 million and £12.9 million, respectively.

The fair values of our derivative instruments were as follows as of:

(dollars in thousands)	Asset derivatives: Balance sheet location	Asset derivatives: December 31, 2025	Asset derivatives: December 31, 2024	Liability Derivatives: Balance sheet location	Liability Derivatives: December 31, 2025	Liability Derivatives: December 31, 2024
Derivative instruments designated as hedging instruments:						
Interest rate swaps, current portion	Prepaid expenses and other current assets	$ 239	$ —	Accrued expenses and other current liabilities	$ —	$ —
Foreign currency forward contracts, current portion	Prepaid expenses and other current assets	77	1,288	Accrued expenses and other current liabilities	265	—
Interest rate swaps, long-term	Other assets	262	9,262	Other liabilities	3,257	—
Total derivative instruments designated as hedging instruments		$ 578	$ 10,550		$ 3,522	$ —

The effects of derivative instruments in cash flow and net investment hedging relationships were as follows:

(dollars in thousands)	(Loss) gain recognized in accumulated other comprehensive loss as of	Location of (loss) gain reclassified from accumulated other comprehensive loss into income (loss)	Gain reclassified from accumulated other comprehensive loss into income (loss)
	December 31, 2025		Years ended December 31, 2025
Cash Flow Hedges			
Interest rate swaps	$ (2,756)	Interest expense	$ 4,966
Foreign currency forward contracts	$ (179)	Revenue	$ 700
Net Investment Hedge			
Foreign currency forward contracts	$ (9)		$ —
	December 31, 2024		**Years ended December 31, 2024**
Cash Flow Hedges			
Interest rate swaps	$ 9,262	Interest expense	$ 19,134
Foreign currency forward contracts	$ 937	Revenue	$ 479
Net Investment Hedges			
Foreign currency forward contracts	$ 351		$ —
	December 31, 2023		**Years ended December 31, 2023**
Cash Flow Hedges			
Interest rate swaps	$ 11,194	Interest expense	$ 20,418
Foreign currency forward contracts	$ (235)	Revenue	$ 388
Net Investment Hedges			
Foreign currency forward contracts	$ (301)		$ —

Our policy requires that derivatives used for hedging purposes be designated and effective as a hedge of the identified risk exposure at the inception of the contract. Accumulated other comprehensive loss includes unrealized gains or losses from the change in fair value measurement of our derivative instruments each reporting period and the related income tax expense or benefit. Excluding net investment hedges, changes in the fair value measurements of the derivative instruments and the related income tax expense or benefit are reflected as adjustments to accumulated other comprehensive loss until the actual

hedged expense is incurred or until the hedge is terminated at which point the unrealized gain (loss) and related tax effects are reclassified from accumulated other comprehensive income loss to current earnings. For net investment hedges, changes in the fair value measurements of the derivative instruments and the related income tax expense or benefit are reflected as adjustments to translation adjustment, a component of accumulated other comprehensive income (loss), and recognized in earnings only when the hedged GBP investment is liquidated. The estimated accumulated other comprehensive income as of December 31, 2025 that is expected to be reclassified into earnings within the next twelve months is insignificant. There were no ineffective portions of our interest rate swap or foreign currency forward derivatives during the years ended December 31, 2025, 2024 and 2023. See Note 14 to these consolidated financial statements for a summary of the changes in accumulated other comprehensive income (loss) by component. We classify cash flows related to derivative instruments as operating activities in the consolidated statements of cash flows.

We did not have any undesignated derivative instruments during 2025, 2024 and 2023.

11. Commitments and Contingencies

Leases

We have operating leases for corporate offices, subleased offices and certain equipment and furniture. As of December 31, 2025, we did not have any operating leases that had not yet commenced.

Release from Washington, DC lease

In February 2025, we made a one-time cash release payment of $28.0 million to the lessor in connection with a release from our lease for office space in Washington, DC (which was acquired as part of our acquisition of EVERFI in December 2021). Due to our Remote-Flexible workforce strategy, we had not used the office space since February 2023 and had subleased a portion of the space. During the year ended December 31, 2025, we recorded a loss on lease termination of $24.3 million in general and administrative expense.

The following table summarizes the components of our lease expense:

	Year ended December 31,		
(dollars in thousands)	2025	2024	2023
Operating lease cost[(1)]	$ 1,833	$ 6,430	$ 8,812
Variable lease cost	842	1,131	1,431
Sublease income	(1,755)	(3,400)	(3,356)
Net lease cost	$ 920	$ 4,161	$ 6,887

(1) Includes short-term lease costs, which were immaterial.

During the years ended December 31, 2024 and 2023, we recorded noncash impairment charges of $3.1 million and $5.6 million, respectively, against certain operating lease ROU assets. These impairment charges resulted from our entry into subleases for different portions of our Washington, DC office location, which we closed in February 2023 to align with our Remote-Flexible workforce strategy. These charges are reflected in general and administrative expense on the statements of comprehensive income (loss).

Maturities of our operating lease liabilities as of December 31, 2025 were as follows:

Years ending December 31, (dollars in thousands)		Operating leases
2026	$	1,918
2027		1,888
2028		1,718
2029		1,007
2030		504
Thereafter		—
Total lease payments		7,035
Less: Amount representing interest		(871)
Present value of future payments	$	6,164

Our ROU assets and lease liabilities are included in the following line items in our consolidated balance sheet:

(dollars in thousands)		December 31, 2025		December 31, 2024
Operating leases				
Operating lease ROU assets	$	4,630	$	26,554
Accrued expenses and other current liabilities	$	1,559	$	4,489
Operating lease liabilities, net of current portion		4,605		34,186
Total operating lease liabilities	$	6,164	$	38,675

The weighted average remaining lease terms and discount rates were as follows:

(dollars in thousands)	December 31, 2025	December 31, 2024	December 31, 2023
Operating leases			
Weighted average remaining lease term (years)	3.8	7.3	7.7
Weighted average discount rate	7.31 %	4.53 %	4.70 %

Supplemental cash flow information related to leases was as follows:

						Year ended December 31,
(dollars in thousands)		2025		2024		2023
Cash paid for amounts included in the measurement of lease liabilities:						
Operating cash flows from operating leases	$	2,024	$	7,511	$	10,983
Right-of-use assets obtained in exchange for lease obligations (non-cash):						
Operating leases		3,705		—		2,765

Other commitments

The term loans under the 2024 Credit Facilities require periodic principal payments. The balance of the term loans and any amounts drawn on the revolving credit loans are due upon maturity of the 2024 Credit Facilities in April 2029. The Real Estate Loans also require periodic principal payments and the balance of the Real Estate Loans are due upon maturity in April 2038.

We have contractual obligations for third-party technology used in our solutions and for other services we purchase as part of our normal operations. In certain cases, these arrangements require a minimum annual purchase commitment by us. As of December 31, 2025, the remaining aggregate minimum purchase commitment under these arrangements was approximately $164.0 million through 2030.

Solution and service indemnifications

In the ordinary course of business, we provide certain indemnifications of varying scope to customers against claims of intellectual property infringement made by third parties arising from the use of our solutions or services. We have not identified any losses that might be covered by these indemnifications

Legal proceedings

We are subject to legal proceedings and claims that arise in the ordinary course of business, as well as certain other non-ordinary course proceedings, claims and investigations, as described below. We record an accrual for a loss contingency when it is both probable that a material liability has been incurred and the amount of the loss can be reasonably estimated. If only a range of estimated losses can be determined, we accrue an amount within the range that, in our judgment, reflects the most likely outcome; if none of the estimates within that range is a better estimate than any other amount, we accrue the low end of the range. For proceedings in which an unfavorable outcome is reasonably possible but not probable and an estimate of the loss or range of losses arising from the proceeding can be made, we disclose such an estimate, if material. If such a loss or range of losses is not reasonably estimable, we disclose that fact. We review any such loss contingency accruals at least quarterly and adjust them to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case. We recognize insurance recoveries, if any, when they are probable of receipt. All associated costs due to third-party service providers and consultants, including legal fees, are expensed as incurred.

Legal proceedings are inherently unpredictable. However, we believe that we have valid defenses with respect to the legal matters pending or threatened against us and intend to defend ourselves vigorously against all claims asserted. It is possible that our consolidated financial position, results of operations or cash flows could be materially negatively affected in any particular period by an unfavorable resolution of one or more of such legal proceedings.

Security incident

As previously disclosed, we are subject to risks and uncertainties as a result of a ransomware attack against us in May 2020 in which a cybercriminal removed a copy of a subset of data from our self-hosted environment (the "Security Incident"). Based on the nature of the Security Incident, our research and third party (including law enforcement) investigation, we do not believe that any data went beyond the cybercriminal, has been misused, or has been disseminated or otherwise made available publicly.

As a result of the Security Incident, we have been subject to certain legal proceedings and claims and could be the subject of additional legal proceedings, claims, inquiries and investigations in the future that might result in adverse judgments, settlements, fines, penalties or other resolution. To limit our exposure to losses related to claims against us, including data breaches such as the Security Incident, we maintain $50 million of insurance above a $250 thousand deductible payable by us. As noted below, this coverage reduced our financial exposure related to the Security Incident in prior years.

We recorded expenses related to the Security Incident as follows:

	Years ended December 31,		
(dollars in thousands)	2025	2024	2023
Security Incident expenses	$ 3,104	$ 13,700	$ 53,426

The following summarizes our cumulative expenses, insurance recoveries recognized and insurance recoveries paid as of:

(dollars in thousands)	December 31, 2025	December 31, 2024	December 31, 2023
Cumulative gross expense	$ 178,235	$ 175,131	$ 161,431
Cumulative offsetting insurance recoveries recognized	(50,000)	(50,000)	(50,000)
Cumulative net expense	$ 128,235	$ 125,131	$ 111,431
Cumulative offsetting insurance recoveries paid	$ (50,000)	$ (50,000)	$ (50,000)

Recorded expenses have consisted primarily of payments to third-party service providers and consultants, including legal fees, settlement of governmental investigations, settlements of customer claims and accruals for certain loss contingencies. Not included in the expenses discussed above were costs associated with enhancements to our cybersecurity program. We present expenses and insurance recoveries related to the Security Incident in general and administrative expense on our consolidated statements of comprehensive income (loss) and as operating activities on our consolidated statements of cash flows. Total costs related to the Security Incident exceeded the limit of our insurance coverage during the first quarter of 2022. For the year ended December 31, 2025, we incurred net pre-tax expense of $3.1 million related to the Security Incident for ongoing legal fees and recorded accruals for loss contingencies of $1.1 million. Also, for the year ended December 31, 2025, we had net cash outlays of $4.6 million related to the Security Incident for ongoing legal fees and $1.8 million paid during the third quarter of 2025 related to previously recorded accruals for loss contingencies related to the Security Incident. As of December 31, 2025, we do not have any recorded liabilities for loss contingencies related to the Security Incident.

As previously disclosed, during the three months ended September 30, 2025, we paid an insignificant settlement amount to the plaintiffs in the previously disclosed multi-district litigation filed in the United States District Court of South Carolina. On September 22, 2025, that court issued an order definitively closing that case. As a result, all customer constituent class actions related to the Security Incident are now resolved and closed. In addition, as previously reported, insurance companies representing various customers' interests through subrogation claims contacted us, and certain insurance companies filed subrogation claims in court, two of which remain pending and are the only customer claims currently unresolved. For more information about the completed government investigations and related actions, see Note 11 to our audited consolidated financial statements contained in our Annual Report on Form 10-K filed with the SEC on February 21, 2025 and Note 8 to our unaudited, condensed consolidated financial statements contained in our Quarterly Report on Form 10-Q filed with the SEC on April 30, 2025.

12. Income Taxes

We file income tax returns in the U.S. for federal and various state jurisdictions as well as in foreign jurisdictions including Canada, the U.K., Australia, Ireland, Costa Rica and India. We are generally subject to U.S. federal income tax examination for calendar tax years 2022 through 2025 as well as state and foreign income tax examinations for various years depending on statutes of limitations and net operating loss and/or tax credit utilization in those jurisdictions.

The following summarizes the components of income tax expense (benefit):

(dollars in thousands)	Years ended December 31, 2025	2024	2023
Current taxes:			
U.S. Federal	$ (5)	$ 36,367	$ 19,078
U.S. State and local	6,387	8,433	12,582
International	10,612	11,792	8,982
Total current taxes	16,994	56,592	40,642
Deferred taxes:			
U.S. Federal	1,777	(50,078)	(18,303)
U.S. State and local	(2,085)	(18,472)	(5,895)
International	127	(980)	(170)
Total deferred taxes	(181)	(69,530)	(24,368)
Total income tax provision (benefit)	$ 16,813	$ (12,938)	$ 16,274

The following summarizes the components of income (loss) before provision (benefit) for income taxes:

(dollars in thousands)	Years ended December 31, 2025	2024	2023
U.S.	$ 87,331	$ (366,227)	$ (20,426)
International	44,452	53,765	39,718
Income (loss) before provision (benefit) for income taxes	$ 131,783	$ (312,462)	$ 19,292

The following summarizes cash paid for taxes, net of refunds:

(dollars in thousands)	Years ended December 31, 2025	2024	2023
U.S. Federal	$ 11,088	$ 36,327	$ 16,134
U.S. State[(1)]	4,696	14,242	10,463
International:			
United Kingdom	11,480	9,632	8,407
Other	877	467	615
International total	12,357	10,099	9,022
Total cash paid for income taxes (net of refunds)	$ 28,141	$ 60,668	$ 35,619

(1) No state accounted for more than 5% of total cash taxes paid.

A reconciliation between the effect of applying the U.S. federal statutory rate and the effective income tax rate used to calculate our income tax provision is as follows:

	Years ended December 31,					
	2025		2024		2023	
	Amount	Percent	Amount	Percent	Amount	Percent
U.S. Federal statutory rate	$ 27,674	21.0 %	$ (65,434)	21.0 %	$ 4,051	21.0 %
State and local income taxes, net of federal income tax effect[1]	(673)	(0.5)	(1,195)	0.3	1,932	10.0
Foreign tax effects						
United Kingdom						
Statutory tax rate difference between United Kingdom and United States	1,583	1.2	1,467	(0.5)	953	4.9
Other	(989)	(0.8)	(95)	—	(154)	(0.8)
Other foreign jurisdictions	509	0.4	211	(0.1)	281	1.5
Effect of changes in tax laws or rates enacted in the current period						
Change in U.S. Federal income tax laws[2]	—	—	—	—	—	—
Change in U.S. State income tax rate applied to deferred tax balances	576	0.4	343	(0.1)	1,258	6.5
Effect of cross-border tax laws						
GILTI inclusion (Net CFC Tested Income Inclusion starting Jan. 1, 2026)	9,312	7.1	4,776	(1.5)	4,717	24.5
FDII benefit (Foreign-Derived Deduction Eligible Income ("FDDEI") starting Jan. 1, 2026)	—	—	(1,931)	0.6	(1,796)	(9.3)
Tax Credits						
U.S. research and experimentation tax credits	(5,552)	(4.2)	(5,775)	1.9	(7,456)	(38.6)
U.S. Federal foreign tax credits	—	—	(3,459)	1.1	(3,083)	(16.0)
Changes in valuation allowances	(22,748)	(17.3)	55,419	(17.6)	1,904	9.9
Nontaxable or nondeductible items						
Section 162(m) limitation	4,372	3.3	5,217	(1.7)	5,318	27.6
Stock-based compensation	(917)	(0.7)	(3,911)	1.3	2,908	15.1
Nondeductible meals, entertainment and transportation	691	0.5	740	(0.2)	774	4.0
Nondeductible Security Incident-related fines or penalties	2	—	1,418	(0.5)	6,300	32.7
Changes in unrecognized tax benefits	(480)	(0.4)	2,274	(0.7)	118	0.6
Sale of subsidiary	—	—	(3,118)	1.0	—	—
Return to accrual adjustment	2,781	2.1	450	(0.1)	(1,467)	(7.6)
Other adjustments	672	0.7	(335)	(0.1)	(284)	(1.6)
Income tax provision effective rate	$ 16,813	12.8 %	$ (12,938)	4.1 %	$ 16,274	84.4 %

(1) State taxes in California, Florida, Maryland, Minnesota, Pennsylvania and Washington, D.C. made up the majority (greater than 50%) of the tax effect in this category.
(2) The rate impact of OBBBA is reflected within “Changes in valuation allowances” in our effective tax rate reconciliation given that the primary financial reporting effect of OBBBA is a reduction in DTAs, which in turn results in a corresponding reduction in the valuation allowance recorded against those DTAs, rather than a standalone recurring rate item.

The increase in our effective income tax rate for year ended December 31, 2025, when compared to the same period in 2024, was primarily attributable to normalization of several non-recurring events in 2024, in which we had recorded the valuation allowance against all of our U.S. deferred tax assets in excess of deferred tax liabilities due to the combination of our cumulative pretax loss position and net deferred tax asset position resulting from our divestiture of EVERFI.

On July 4, 2025, the OBBBA was enacted into U.S. federal income tax law. OBBBA permanently extends immediate expensing of R&D expenditures under Internal Revenue Code Section 174 and provides transition rules for previously capitalized R&D costs. Under ASC 740, these changes modify the measurement of certain DTAs, particularly those arising from capitalized Section 174 expenditures.

Additionally, in 2025, the valuation allowance decreased primarily due to the pre-tax income recorded during the current year as well as the enactment of the OBBBA, which resulted in the realizability of certain U.S. deferred tax assets. We intend to continue maintaining a valuation allowance on our U.S. net deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances. Management continues to evaluate the impact of future phases of OBBBA that will become effective beginning in 2026, including changes to international tax provisions and interest limitation rules; however, for 2025, no further material impact beyond the valuation-allowance-driven effects is expected.

The significant components of our deferred tax assets and liabilities were as follows:

	December 31,	
(dollars in thousands)	2025	2024
Deferred tax assets relating to:		
Capitalized R&D and software costs	$ 36,063	$ 78,809
Federal, state and foreign tax credits	37,751	31,495
Stock-based compensation	17,776	17,176
Federal and state and foreign net operating loss carryforwards	14,607	4,825
Capital loss carryforward	7,740	7,282
Deferred revenue	4,189	7,633
Operating leases	2,500	10,751
Allowance for credit losses	1,613	1,441
Intangible assets	882	969
Accrued bonuses	554	316
Other	1,962	1,615
Total deferred tax assets	125,637	162,312
Deferred tax liabilities relating to:		
Intangible assets	(50,234)	(50,530)
Costs of obtaining contracts	(11,946)	(13,136)
Operating leases	(3,751)	(7,338)
Fixed assets	(2,370)	(4,716)
Other	(1,215)	(8,787)
Total deferred tax liabilities	(69,516)	(84,507)
Valuation allowance	(77,691)	(102,153)
Net deferred tax liability	$ (21,570)	$ (24,348)

As of December 31, 2025, our federal, foreign and state net operating loss carryforwards for income tax purposes were approximately $53.4 million, $1.0 million and $50.3 million, respectively. Of our federal net operating loss carryforwards, $7.3 million are subject to expiration beginning in 2026 while the remainder have an unlimited carryforward period. The state net operating loss carryforwards are subject to various applicable state tax laws. If not utilized, the state net operating loss carryforwards will expire over various periods beginning in 2025. Our foreign net operating loss carryforwards have an unlimited carryforward period. Our state tax credit carryforwards for income tax purposes were approximately $32.2 million, net of federal benefit. If not utilized, the state tax credit carryforwards will begin to expire in 2025. We also have federal and state capital loss carryforwards of $30.2 million expiring in 2029. The foreign and state net operating loss carryforwards, capital loss carryforward and state credit carryforwards have a valuation allowance due to management's uncertainty regarding the future ability to use such carryforwards.

The following table illustrates the change in our deferred tax asset valuation allowance:

Years ended December 31, (dollars in thousands)	Balance at beginning of year	Charges to expense	Balance at end of year
2025	$ 102,153	$ (24,462)	$ 77,691
2024	37,862	64,291	102,153
2023	34,769	3,093	37,862

The following table sets forth the change to our unrecognized tax benefit for the years ended December 31, 2025, 2024 and 2023:

	Years ended December 31,		
(dollars in thousands)	2025	2024	2023
Balance at beginning of year	$ 5,195	$ 3,240	$ 3,083
Increases from prior period positions	38	1,249	101
Increases from current period positions	721	706	762
Decreases in prior year positions	(1,487)	—	(118)
Settlements (payments)	—	—	(160)
Lapse of statute of limitations	—	—	(428)
Balance at end of year	$ 4,467	$ 5,195	$ 3,240

The total amount of unrecognized tax benefit that, if recognized, would favorably affect the effective tax rate was $4.5 million at December 31, 2025. We recognize accrued interest and penalties, if any, related to unrecognized tax benefits as a component of income tax expense. The total amount of accrued interest and penalties included in the consolidated balance sheet as of December 31, 2025 and December 31, 2024 was $1.1 million and insignificant, respectively. The total amount of interest and penalties included in the consolidated statements of comprehensive loss as an increase or decrease in income tax expense for 2025, 2024 and 2023 was insignificant.

We have taken U.S. federal and U.S. state tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits might decrease within the next twelve months. This possible decrease could result from the expiration of statutes of limitations. The reasonably possible decrease at December 31, 2025 was insignificant.

For our undistributed earnings of foreign subsidiaries, we concluded that these earnings would be permanently reinvested in the local jurisdictions and not repatriated to the United States except to the extent that said earnings are of previously taxed income. Accordingly, we have not provided for U.S. income taxes and foreign withholding taxes on those undistributed earnings of our foreign subsidiaries.

13. Stock-based Compensation

Employee stock-based compensation plans

Under the 2016 Equity and Incentive Compensation Plan Amended and Restated as of June 11, 2025 (the "2016 Equity Plan"), we may grant incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock, restricted stock units, other stock awards and cash incentive awards to employees, directors and consultants. Our Compensation Committee of the Board of Directors administers this plan and the stock-based awards are granted under terms determined by it.

The total number of authorized stock-based awards available under our plan was 4,003,142 as of December 31, 2025. We issue common stock from our pool of authorized stock upon exercise of stock options and stock appreciation rights, vesting of restricted stock units or upon granting of restricted stock.

During the years ended December 31, 2025, 2024 and 2023, we have issued three types of awards under our plans: restricted stock awards, time-based restricted stock units, and performance-based restricted stock units. The following table sets forth the number of awards outstanding for each award type as of:

	Outstanding at December 31,	
Award type	2025	2024
Restricted stock awards	670,964	814,336
Time-based restricted stock units	609,094	616,035
Performance-based restricted stock units	937,090	1,029,214

Awards granted to our executive officers and certain other employees are subject to accelerated vesting upon a change in control as defined in the employees' employment agreement or retention agreement, and continued vesting in accordance with our Long-term Incentive Retirement Program, subject to satisfaction of applicable retirement eligibility requirements and required approvals.

Expense recognition

We recognize compensation expense associated with stock options and awards with performance or market based vesting conditions on an accelerated basis over the requisite service period of the individual grantees. We recognize compensation expense associated with restricted stock awards and SARs on a straight-line basis over the requisite service period of the individual grantees, which equals the vesting period. We recognize the effect of awards for which the requisite service period is not rendered when the award is forfeited (that is, we recognize the effect of forfeitures in compensation cost when they occur). Previously recognized compensation cost for an award is reversed in the period that the award is forfeited.

Stock-based compensation expense is allocated to cost of revenue and operating expenses on the consolidated statements of comprehensive loss based on where the associated employee's compensation is recorded. The following table summarizes stock-based compensation expense:

	Years ended December 31,		
(in thousands)	2025	2024	2023
Included in cost of revenue:	$ 11,517	$ 14,092	$ 16,658
Included in operating expenses:			
Sales, marketing and customer success	16,072	17,946	24,892
Research and development	24,252	26,488	30,780
General and administrative	41,069	46,442	55,432
Total included in operating expenses	81,393	90,876	111,104
Total stock-based compensation expense	$ 92,910	$ 104,968	$ 127,762

The total amount of compensation cost related to unvested awards not recognized was $61.9 million at December 31, 2025. It is expected that this amount will be recognized over a weighted average period of 1.2 years.

Restricted stock awards

We have granted shares of common stock subject to certain restrictions under the 2016 Equity Plan. Restricted stock awards granted to employees vest in equal annual installments generally over three years from the grant date subject to the recipient's continued employment with us. Restricted stock awards granted to non-employee directors vest after one year from the date of grant or, if earlier, immediately prior to the next annual election of directors, provided the non-employee director is serving as a director at that time. The fair market value of the stock at the time of the grant is amortized on a straight-line basis to expense over the period of vesting. Recipients of restricted stock awards have the right to vote such shares and receive dividends, if declared.

The following table summarizes our unvested restricted stock awards as of December 31, 2025, and changes during the year then ended:

	Restricted stock awards	Weighted average grant-date fair value	Aggregate intrinsic value[1] (in thousands)
Unvested at January 1, 2025	814,336	$ 66.27	
Granted	373,318	67.37	
Forfeited	(52,165)	66.60	
Vested	(464,525)	65.48	
Unvested at December 31, 2025	670,964	67.00	$ 42,485

(1) The intrinsic value is calculated as the market value as of the end of the fiscal period.

The total fair value of restricted stock awards that vested during the years ended December 31, 2025, 2024 and 2023 was $30.4 million, $42.7 million and $42.7 million, respectively. The weighted average grant-date fair value of restricted stock awards granted during the years ended December 31, 2024 and 2023 was $69.86 and $62.59, respectively.

Restricted stock units

We have also granted restricted stock units subject to certain restrictions under the 2016 Equity Plan. Restricted stock units granted to employees vest in equal annual installments generally over three years from the grant date subject to the recipient's continued employment with us. We have also granted restricted stock units for which vesting is subject to meeting certain performance conditions. The fair market value of the stock at the time of the grant is amortized to expense on a straight-line basis over the period of vesting except for awards with performance conditions, which are amortized on an accelerated basis over the period of vesting.

The following table summarizes our unvested, time-based restricted stock units as of December 31, 2025, and changes during the year then ended:

	Time-based restricted stock units	Weighted average grant-date fair value	Aggregate intrinsic value[1] (in thousands)
Unvested at January 1, 2025	616,035	$ 65.08	
Granted	309,834	68.45	
Forfeited	(13,317)	66.52	
Vested	(303,458)	64.69	
Unvested at December 31, 2025	609,094	66.77	$ 38,567

(1) The intrinsic value is calculated as the market value as of the end of the fiscal period.

The total fair value of time-based restricted stock units that vested during the years ended December 31, 2025, 2024 and 2023 was $19.6 million, $19.4 million and $13.5 million, respectively. The weighted average grant date fair value of time-based restricted stock units granted for the years ended December 31, 2024 and 2023 was $67.73 and $61.37, respectively.

The following table summarizes our unvested, performance-based restricted stock units as of December 31, 2025, and changes during the year then ended:

	Performance-based restricted stock units	Weighted average grant-date fair value	Aggregate intrinsic value[1] (in thousands)
Unvested at January 1, 2025	1,029,214	$ 66.92	
Granted	734,645	70.02	
Forfeited	(51,909)	69.03	
Vested[2]	(774,860)	67.52	
Unvested at December 31, 2025	937,090	67.93	$ 59,337

(1) The intrinsic value is calculated as the market value as of the end of the fiscal period.
(2) This amount represents the target number of shares that were eligible to be earned and vested. The number of shares earned and vested based on actual results when compared to the performance conditions was 758,777 and those shares had a weighted average grant date fair value of $67.52.

The total fair value of performance-based restricted stock units that vested during the years ended December 31, 2025, 2024 and 2023 was $52.3 million, $55.5 million, and $50.9 million, respectively. The weighted average grant date fair value of performance-based restricted stock units granted for the years ended December 31, 2024 and 2023 was $67.90 and $59.62, respectively.

14. Stockholders' Equity

Preferred stock

Our Board of Directors may fix the relative rights and preferences of each series of preferred stock in a resolution of the Board of Directors.

Stock repurchase program

Under our stock repurchase program, we are authorized to repurchase shares from time to time in accordance with applicable laws both on the open market, including under trading plans established pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, and in privately negotiated transactions. The timing and amount of repurchases depends on several factors, including market and business conditions, the trading price of our common stock and the nature of other investment opportunities. The repurchase program does not have an expiration date and may be limited, suspended or discontinued at any time without prior notice. Under the 2024 Credit Agreement, we have certain restrictions, as defined, on our ability to repurchase shares of our common stock, which are summarized on page 56 in this report.

We account for purchases of treasury stock under the cost method. On December 1, 2025, our Board of Directors reauthorized, expanded and replenished our stock repurchase program by expanding the total capacity under the program from $800.0 million to $1.0 billion available for repurchases.

During the year ended December 31, 2025, we repurchased an aggregate of 3,337,844 shares for $214.0 million. The remaining amount available to purchase stock under the approved stock repurchase program was $960.6 million as of December 31, 2025.

Changes in accumulated other comprehensive (loss) income by component

The changes in accumulated other comprehensive (loss) income by component, consisted of the following:

	Years ended December 31,		
(in thousands)	2025	2024	2023
Accumulated other comprehensive (loss) income, beginning of period	$ (4,869)	$ (1,688)	$ 8,938
By component:			
Gains and losses on cash flow hedges:			
Accumulated other comprehensive income balance, beginning of period	$ 7,799	$ 8,158	$ 23,833
Other comprehensive (loss) income before reclassifications, net of tax effects of $(709), $(5,080) and $201	(4,989)	14,047	(271)
Amounts reclassified from accumulated other comprehensive (loss) income	(5,666)	(19,613)	(20,806)
Tax expense included in provision for income taxes	709	5,207	5,402
Total amounts reclassified from accumulated other comprehensive (loss) income	(4,957)	(14,406)	(15,404)
Net current-period other comprehensive loss	(9,946)	(359)	(15,675)
Accumulated other comprehensive (loss) income balance, end of period	$ (2,147)	$ 7,799	$ 8,158
Foreign currency translation adjustment:			
Accumulated other comprehensive loss balance, beginning of period	$ (12,668)	$ (9,846)	$ (14,895)
Translation adjustment	8,867	(2,822)	5,049
Accumulated other comprehensive loss balance, end of period	(3,801)	(12,668)	(9,846)
Accumulated other comprehensive loss, end of period	$ (5,948)	$ (4,869)	$ (1,688)

15. Defined Contribution Plan

We have a defined contribution 401(k) plan (the "401K Plan") covering substantially all employees. Employees were able to contribute between 1% and 75% of their salaries in 2025, 2024 and 2023. We match 50% of qualified employees' contributions up to 6% of their salary. The 401K Plan also provides for additional employer contributions to be made at our discretion. Total matching contributions to the 401K Plan for the years ended December 31, 2025, 2024 and 2023 were $6.7 million, $8.2 million and $7.8 million, respectively.

There were no discretionary contributions by us to the 401K Plan in 2025, 2024 and 2023.

16. Segment Information

We have one operating segment and one reportable segment. Our chief operating decision maker is our chief executive officer ("CEO"), who reviews financial information presented on a consolidated basis, accompanied by disaggregated information about our revenue, for purposes of making decisions about assessing financial performance and allocating resources. Our CEO considers costs of revenue, sales, marketing and customer success, research and development, and general and administrative expense categories on our consolidated statements of comprehensive income (loss) as significant. Our CEO uses consolidated operating margin and net income as the primary measures of profit or loss. These financial metrics are used by our CEO to make key operating decisions, such as the allocation of budget between costs of revenues and our different operating expense categories.

Our other segment items include amortization, interest expense, other income, net, and income tax provision (benefit) on our consolidated statements of comprehensive income (loss).

The following table presents long-lived assets by geographic region based on the location of the assets. For purposes of this disclosure, long-lived assets includes property and equipment, net and operating lease ROU assets.

(dollars in thousands)	Years ended December 31, 2025	2024
United States	$ 80,786	$ 117,582
Other countries	8,920	898
Total long-lived assets	$ 89,706	$ 118,480

See Note 17 to these consolidated financial statements for information about our revenues by geographic region.

17. Revenue Recognition

Transaction price allocated to the remaining performance obligations

As of December 31, 2025, approximately $1.3 billion of revenue is expected to be recognized from remaining performance obligations. We expect to recognize revenue on approximately 50% of these remaining performance obligations over the next 12 months, with the remainder recognized thereafter.

We applied the practical expedient in ASC 606-10-50-14 and have excluded the value of unsatisfied performance obligations for which we recognize revenue at the amount to which we have the right to invoice for services performed (transactional revenue).

Contract balances

We did not have any contract assets as of December 31, 2025 and December 31, 2024. Our closing balances of deferred revenue were as follows:

(in thousands)	December 31, 2025	December 31, 2024
Total deferred revenue	$ 371,764	$ 360,561

The increase in deferred revenue during 2025 was primarily due to billings related to contract renewals and new subscription sales of our cloud solutions. Historically, due to the timing of customer budget cycles, we have an increase in customer contract renewals at or near the beginning of our third quarter. Generally, our lowest balance of deferred revenue during the year is at the end of our first quarter. The amount of revenue recognized during 2025 that was included in the deferred revenue balance at the beginning of the period was approximately $344 million. The amount of revenue recognized during 2025 from performance obligations satisfied in prior periods was insignificant.

Disaggregation of revenue

We sell our cloud solutions and related services in three primary geographical markets: to customers in the United States, to customers in the United Kingdom and to customers located in other countries. The following table presents our revenue by geographic area based on the location of our customers:

(dollars in thousands)			Years ended December 31,
	2025	2024	2023
United States	$ 953,044	$ 987,664	$ 947,228
United Kingdom	108,750	104,029	100,833
Other countries	66,571	62,931	59,019
Total revenue[(1)]	$ 1,128,365	$ 1,154,624	$ 1,107,080

(1) The decrease in total revenue from 2024 to 2025 was primarily due to our sale of EVERFI on December 31, 2024.

The following table presents our revenue by type:

(dollars in thousands)			Years ended December 31,
	2025	2024	2023
Contractual recurring	$ 721,820	$ 774,540	$ 740,152
Transactional recurring	384,341	353,703	333,016
Total recurring revenue	$ 1,106,161	$ 1,128,243	$ 1,073,168
One-time services and other	22,204	26,381	33,912
Total revenue[(1)]	$ 1,128,365	$ 1,154,624	$ 1,107,080

(1) The decrease in total revenue from 2024 to 2025 was primarily due to our sale of EVERFI on December 31, 2024.

Significant customer

Our largest single customer accounted for less than 1% of our 2025 consolidated revenue.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) are designed only to provide reasonable assurance that they will meet their objectives. As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial and accounting officer), of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e)) pursuant to Exchange Act Rule 13a-15(b). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective to provide the reasonable assurance discussed above.

Changes in Internal Control Over Financial Reporting

No changes in internal control over financial reporting occurred during the most recent fiscal quarter ended December 31, 2025 with respect to our operations that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Our management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2025, based on the framework in *Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework)*. Based on this evaluation under the *Internal Control - Integrated Framework*, management concluded that our internal control over financial reporting was effective as of December 31, 2025.

The effectiveness of our internal control over financial reporting as of December 31, 2025, has been audited by our independent registered public accounting firm, as stated in their attestation report, which is included in Item 8 of this Annual Report on Form 10-K.

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ITEM 9B. OTHER INFORMATION

Trading Plans Adopted or Terminated

The following table provides information about trading arrangements adopted or terminated by certain of our officers and directors during the three months ended December 31, 2025.

Name and Title	Action	Date of Adoption	Plan effective date	Plan end date	Plan duration (months)	Trading arrangement[1]		Aggregate number of securities to be sold under plan
						Rule 10b5-1	Non-Rule 10b5-1	
Michael P. Gianoni Chief Executive Officer, President and Vice Chairman of the Board	Adoption	11/25/25	2/24/26	2/26/27	Twelve	X		60,000
Chad M. Anderson Executive Vice President and Chief Financial Officer	Adoption	11/19/25	2/20/26	12/31/26	Ten	X		11,216
Kevin P. Gregoire Executive Vice President and Chief Operating Officer	Adoption	11/26/25	2/25/26	2/26/27	Twelve	X		32,000
Kevin R. McDearis Executive Vice President and Chief Technology Officer	Adoption	11/25/25	2/24/26	4/30/26	Two	X		36,626 (2)

(1) An SEC "Rule 10b5-1(c) trading arrangement" is a trading arrangement made by a person through entering into a binding contract, verbal instruction or adoption of a written plan prior to becoming aware of material non-public information. The contract, instruction or written plan must specify the amount, price and date of securities to be sold; include the means for determining the amount, price and date of the sale or sales; and not permit the person to have subsequent influence over the sale or sales. The compliant plan must be entered into and operated in good faith, include a specified cooling off period, be certified by an authorized officer and is restricted from having multiple or overlapping plans. A non-compliant trading arrangement, or a "non-Rule 10b5-1 trading arrangement," is a trading arrangement that has similar requirements to a Rule 10b5-1(c) trading arrangement except that it must be in written form and does not require a cooling off period or certification of an authorized officer and there is no restriction from having multiple or overlapping plans.

(2) Includes a target quantity of Performance Share Awards which may be subject to a performance multiplier; therefore, the aggregate number of shares to be sold may be equal to, greater than or less than the target quantity.

None of our officers or directors adopted or terminated a non-Rule 10b5-1 trading arrangement during the three months ended December 31, 2025.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 with respect to Directors and Executive Officers is incorporated by reference from the information under the captions “Election of Directors,” “Information Regarding Meetings of the Board and Committees,” “Delinquent Section 16(a) Reports,” “Code of Business Conduct and Ethics and Code of Ethics” and "Insider Trading Arrangements and Policies" contained in Blackbaud’s Proxy Statement for the 2026 Annual Meeting of Stockholders expected to be held on June 10, 2026, except for "Information About Our Executive Officers" which is set forth in Part I of this report.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated by reference from the information under the captions "Director Compensation," “Executive Compensation,” “Compensation Discussion and Analysis,” “2025 Summary Compensation Table,” "CEO Pay Ratio" and "Pay Versus Performance" contained in Blackbaud’s Proxy Statement for the 2026 Annual Meeting of Stockholders expected to be held on June 10, 2026.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 is incorporated by reference from information under the captions “Stock Ownership” and "Equity Compensation Plan Information" contained in Blackbaud’s Proxy Statement for the 2026 Annual Meeting of Stockholders expected to be held on June 10, 2026.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is incorporated by reference from the information under the captions “Transactions with Related Persons,” and “Independence of Directors” contained in Blackbaud’s Proxy Statement for the 2026 Annual Meeting of Stockholders expected to be held on June 10, 2026.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 14 is incorporated by reference from the information under the caption “Audit Committee Report,” contained in Blackbaud’s Proxy Statement for the 2026 Annual Meeting of Stockholders expected to be held on June 10, 2026.

PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are included as part of the Annual Report on Form 10-K:

1. *Financial statements*

See the "Index to consolidated financial statements" in Part II Item 8 of this report.

There were no retrospective changes to the Consolidated Statement of Operations for any quarters in the two most recent fiscal years that would require disclosure under Item 302, as amended.

2. *Financial statement schedules*

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements thereto.

3. *Exhibits*

The exhibits listed below are filed or incorporated by reference as part of this report:

		Filed In			
Exhibit Number	Description of Document	Registrant's Form	Dated	Exhibit Number	Filed Herewith
2.1	Agreement and Plan of Merger and Reincorporation dated April 6, 2004	S-1/A	4/6/2004	2.1	
2.2	Unit Purchase Agreement, dated as of August 10, 2015, by and between Smart Tuition Holdings, LLC and Blackbaud, Inc.	8-K	10/8/2015	10.78	
2.3	Amendment, Consent and Waiver, Agreement dated as of October 2, 2015, by and between Smart Tuition Holdings, LLC and Blackbaud, Inc.	8-K	10/8/2015	10.79	
3.1	Amended and Restated Certificate of Incorporation of Blackbaud, Inc.	DEF 14A	4/30/2009		
3.1.1	Amendment to the Amended and Restated Certificate of Incorporation of Blackbaud, Inc.	10-Q	7/31/2024	3.1.1	
3.2	Amended and Restated Bylaws of Blackbaud, Inc. dated December 7, 2023	8-K	12/19/2025	3.1	
4.1	Description of Capital Stock				X
10.1 †	Form of Employment Agreement between Blackbaud, Inc. and each of Anthony W. Boor and Kevin W. Mooney	10-K	2/27/2013	10.65	
10.2 †	Form of Employment Agreement between Blackbaud, Inc. and Jon W. Olson	10-K	2/27/2013	10.65	
10.3	Lease Agreement dated May 16, 2016 between BBHQ1, LLC (a subsidiary of Blackbaud, Inc.) and HPBB1, LLC	10-Q	8/4/2016	10.84	
10.4	First Amendment to Lease Agreement, dated as of August 22, 2016, between HPBB1, LLC and BBHQ1, LLC (a subsidiary of Blackbaud, Inc.)	10-Q	11/4/2016	10.87	

Exhibit Number	Description of Document	Filed In			Filed Herewith
		Registrant's Form	Dated	Exhibit Number	
10.5	Second Amendment to Lease Agreement, dated as of May 18, 2017, between HPBB1, LLC and BBHQ1, LLC (a subsidiary of Blackbaud, Inc.)	10-K	2/20/2018	10.93	
10.6	Third Amendment to Lease Agreement, dated as of December 11, 2017, between HPBB1, LLC and BBHQ1, LLC (a subsidiary of Blackbaud, Inc.)	10-K	2/20/2018	10.94	
10.7	Fourth Amendment to Lease Agreement, dated as of February 28, 2018, between HPBB1, LLC and BBHQ1, LLC (a subsidiary of Blackbaud, Inc.)	10-Q	5/4/2018	10.95	
10.8 †	Form of Employee Agreement between Blackbaud, Inc. and Kevin P. Gregoire	10-Q	5/3/2019	10.97	
10.9	Fifth Amendment to Lease Agreement, dated as of February 18, 2020, between HPBB1, LLC and BBHQ1, LLC (a subsidiary of Blackbaud, Inc.)	10-Q	8/4/2020	10.1	
10.10	Sixth Amendment to Lease Agreement, dated as of March 17, 2020, between HPBB1, LLC and BBHQ1, LLC (a subsidiary of Blackbaud, Inc.)	10-Q	8/4/2020	10.2	
10.11	Seventh Amendment to Lease Agreement, dated as of April 14, 2020, between HPBB1, LLC and BBHQ1, LLC (a subsidiary of Blackbaud, Inc.)	10-Q	8/4/2020	10.3	
10.12	Eighth Amendment to Lease Agreement, dated as of May 26, 2020, between HPBB1, LLC and BBHQ1, LLC (a subsidiary of Blackbaud, Inc.)	10-Q	8/4/2020	10.4	
10.13	Ninth Amendment to Lease Agreement, dated as of June 8, 2020, between HPBB1, LLC and BBHQ1, LLC (a subsidiary of Blackbaud, Inc.)	10-Q	8/4/2020	10.5	
10.14	Tenth Amendment to Lease Agreement, dated as of June 26, 2020, between HPBB1, LLC and BBHQ1, LLC (a subsidiary of Blackbaud, Inc.)	10-Q	8/4/2020	10.7	
10.15	Eleventh Amendment to Lease Agreement, dated as of August 13, 2020, between BBHQ1, LLC and BBHQ1, LLC (a subsidiary of Blackbaud, Inc.)	10-Q	11/3/2020	10.3	
10.16	Amended and Restated Credit Agreement, dated as of October 30, 2020, by and among Blackbaud, Inc., and certain of its subsidiaries, as Borrowers, the lenders referred to therein, Bank of America, N.A., as Administrative Agent, Swingline Lender and Issuing Lender, PNC Bank, National Association, as Syndication Agent, and Regions Bank, BBVA USA and Fifth Third Bank, National Association, as Co-Documentation Agents, with BofA Securities, Inc., PNC Bank, National Association, Regions Capital Markets, BBVA USA and Fifth Third Bank, National Association as Joint Lead Arrangers and Joint Bookrunners	10-Q	11/3/2020	10.4	
10.17	Amended and Restated Pledge Agreement, dated as of October 30, 2020, by Blackbaud, Inc. in favor of Bank of America, N.A., as Administrative Agent, for the ratable benefit of itself and the secured parties referred to therein	10-Q	11/3/2020	10.5	

Exhibit Number	Description of Document	Filed In			Filed Herewith
		Registrant's Form	Dated	Exhibit Number	
10.18 †	Form of Employment Agreement between Blackbaud, Inc. and Kevin McDearis	10-Q	5/4/2021	10.1	
10.19	LIBOR Transition Amendment, dated as of September 20, 2021, between Blackbaud, Inc. and Bank of America, N.A.	10-Q	11/4/2021	10.1	
10.20	First Incremental Term Loan Agreement, dated as of December 31, 2021, by and among Blackbaud, Inc., the lenders party thereto and Bank of America N.A., as administrative agent	8-K	1/3/2022	10.1	
10.21	First Amendment to Credit Agreement, dated as of January 31, 2022, by and among Blackbaud, Inc., the lenders party thereto and Bank of America N.A., as administrative agent	8-K	2/3/2022	10.1	
10.22	LIBOR Transition Amendment, dated as of August 26, 2022, between Blackbaud, Inc. and Bank of America, N.A.	10-Q	3/1/2022	10.2	
10.23	Consent Agreement, dated as of January 23, 2023, between Blackbaud, Inc. and Bank of America, N.A.	10-K	2/24/2023	10.30	
10.24	Form of Retention Agreement dated as of April 24, 2023 between Blackbaud, Inc. and each of Anthony W. Boor, David J. Benjamin, Kevin P. Gregoire, Kevin R. McDearis, Kevin W. Mooney and Jon W. Olson.	10-Q	5/4/2023	10.1	
10.25	Relocation Agreement dated June 8, 2023 between Blackbaud, Inc. and David J. Benjamin.	8-K	6/12/2023	10.1	
10.26	Third Amendment to Credit Agreement, dated as of April 30, 2024, by and among Blackbaud, Inc., the lenders party thereto and Bank of America N.A., as administrative agent.	10-Q	5/1/2024	10.1	
10.27 †	Amended and Restated Blackbaud, Inc. 2016 Equity and Incentive Compensation Plan.	DEF 14A	4/22/2025	Appendix B	
10.28 †	Amended and Restated Employment and Noncompetition Agreement dated December 17, 2025 between Blackbaud, Inc. and Michael P. Gianoni.	8-K	12/22/2025	10.1	

Exhibit Number	Description of Document	Filed In			Filed Herewith
		Registrant's Form	Dated	Exhibit Number	
19.1	Blackbaud, Inc. Insider Trading Policy and Guidelines for Certain Securities Transactions	10-K	2/21/2025	19.1	
21.1	Subsidiaries of Blackbaud, Inc.				X
23.1	Consent of Independent Registered Public Accounting Firm				X
23.3	Consent of Sidley Austin LLP	8-K	1/10/2025	5.1	
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1	Certification by the Chief Executive Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
32.2	Certification by the Chief Financial Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
97.1	Blackbaud, Inc. Executive Incentive Compensation Clawback Policy	10-K	2/21/2024	97.1	
101.INS	Inline 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.				X
101.SCH	Inline XBRL Taxonomy Extension Schema Document				X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				X

† Indicates management contract or compensatory plan, contract or arrangement.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Blackbaud, Inc.

Signed: February 18, 2026	/S/ MICHAEL P. GIANONI
	Chief Executive Officer, President and Vice Chairman of the Board (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-K has been signed below by the following persons on behalf of the Registrant and on the dates indicated.

Signature	Title	Date
/S/ MICHAEL P. GIANONI **Michael P. Gianoni**	Chief Executive Officer, President and Vice Chairman of the Board (Principal Executive Officer)	Date: February 18, 2026
/S/ CHAD M. ANDERSON **Chad M. Anderson**	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	Date: February 18, 2026
/S/ ANDREW M. LEITCH **Andrew M. Leitch**	Chairman of the Board of Directors	Date: February 18, 2026
/S/ DENEEN DEFIORE **Deneen DeFiore**	Director	Date: February 18, 2026
/S/ RUPAL S. HOLLENBECK **Rupal S. Hollenbeck**	Director	Date: February 18, 2026
/S/ D. ROGER NANNEY **D. Roger Nanney**	Director	Date: February 18, 2026
/S/ BRADLEY L. PYBURN **Bradley L. Pyburn**	Director	Date: February 18, 2026
/S/ KRISTIAN P. TALVITIE **Kristian P. Talvitie**	Director	Date: February 18, 2026

DESCRIPTION OF THE COMPANY'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

General

The following is a summary of information concerning the capital stock of Blackbaud, Inc (the "Company"), which consists of (i) up to 180,000,000 shares of common stock, par value $0.001 per share (the "Common Stock"), (ii) up to 20,000,000 shares of preferred stock in one or more classes or series as may be determined by the Company's board of directors (the "Board of Directors") in its discretion. The Common Stock is registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, and are more fully described below.

The summaries and descriptions below do not purport to be complete statements of the relevant provisions of the Company's Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") and Amended and Restated Bylaws (the "Bylaws"), each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.1 is a part and are entirely qualified by these documents. We encourage you to read the Certificate of Incorporation, Bylaws and the applicable provisions of the Delaware General Corporation Law (the "DGCL") for additional information.

Common Stock

Voting rights

The holders of Common Stock are entitled to one vote per share on all matters to be voted on by the stockholders, and there are no cumulative voting rights. Generally, all matters to be voted on by stockholders must be approved by a majority of the votes entitled to be cast by all shares of Common Stock present in person or represented by proxy, voting together as a single class, subject to any voting rights granted to holders of any preferred stock; provided, however, that in all director elections that are contested, the nominees for election as a director shall be elected by a plurality of the votes cast. For purposes of the foregoing, an election shall be "contested" if, as of the tenth day preceding the date of the filing of the Company's definitive proxy statement for such meeting of stockholders, the number of nominees for director exceeds the number of directors to be elected. The Board of Directors is divided into three classes of directors, as described below.

Dividend rights

The holders of Common Stock are entitled to receive ratable dividends, if any, payable in cash, in stock or otherwise, as and when declared from time to time by the Board of Directors out of funds legally available for the payment of dividends, subject to any preferential rights that may be applicable to any outstanding preferred stock.

Other rights and preferences

In the event of a liquidation, dissolution, or winding up of the Company, after payment in full of all outstanding debts and other liabilities, the holders of Common Stock are entitled to share ratably in all remaining assets, subject to prior distribution rights of preferred stock, if any, then outstanding. No shares of Common Stock have preemptive rights or other subscription rights to purchase additional shares of Common Stock. There are no redemption or sinking fund provisions applicable to the Common Stock. All outstanding shares of Common Stock are fully paid and nonassessable.

The rights, preferences, and privileges of holders of Common Stock will be subject to, and may be adversely affected by, the rights of holders of any preferred stock that may be issued in the future, as described below. All shares of Common Stock that are acquired by the Company shall be available for reissuance by the Company, at the sole-discretion of the Board of Directors at any time.

Transfer agent and registrar

The transfer agent and registrar for the Common Stock is Broadridge Corporate Issuer Solutions, LLC, and its telephone number is (877) 830-4936.

Nasdaq listing

The Common Stock is listed for trading on Nasdaq Global Select Market under the ticker symbol "BLKB."

Anti-takeover Effects of Delaware Law and Provisions of the Certificate of Incorporation and Bylaws

Certain provisions of the DGCL, the Certificate of Incorporation and Bylaws may have the effect of delaying, deferring or preventing a change in control of the Company or deterring tender offers for Common Stock, proxy contests or other takeover attempts, including discouraging attempts that might result in the payment of a premium over the market price for the shares of Common Stock.

Delaware anti-takeover law

We are subject to Section 203 of the DGCL, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years following the date the person became an interested stockholder, unless:

- the board of directors approved the transaction in which the stockholder became an interested stockholder prior to the date the interested stockholder attained that status;
- when the stockholder became an interested stockholder, he or she or it owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding shares owned by persons who are directors and also officers, as well as certain shares owned by employee benefits plans; or
- on or subsequent to the date the business combination is approved by the board of directors, the business combination is authorized by the affirmative vote of at least 66 2/3% of the voting stock of the corporation at an annual or special meeting of stockholders.

Generally, a “business combination” includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an “interested stockholder” is a person who, together with affiliates and associates, owns, or is an affiliate or associate of the corporation, and within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation’s voting stock.

Certificate of Incorporation and Bylaw provisions

Classified Board of Directors. The Board of Directors is divided into three classes of directors, as nearly equal in number as possible, with each class serving a staggered term of three years. Any vacancy on the Board of Directors, regardless of the reason for the vacancy, may be filled by vote of the majority of the directors then in office, except in the case of a vacancy caused by action of the stockholders, which vacancy may only be filled by the stockholders. Directors may be removed from office at any time with or without cause, but only by the holders of a majority of the shares entitled to vote at an election of directors. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of the Board of Directors and could also discourage a third-party from making a tender offer or otherwise attempting to obtain control of the Company, and may maintain the incumbency of the Board of Directors.

Advance notice requirement for stockholder proposals, including director nominations. The Bylaws contain an advance notice procedure for stockholders proposals to be brought before a meeting of stockholders, including any proposed nominations of persons for election to the Board of Directors. Stockholders at a meeting may only consider proposals or nominations specified in the notice of meeting, or brought before the meeting by or at the direction of the Board of Directors or by a stockholder who was a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting, who has given to the Company’s Secretary timely written notice, in proper form, of the stockholder’s intention to bring that business before the meeting, and who has otherwise complied with the Bylaws. Although the Bylaws do not give the Board of Directors the power to approve or disapprove stockholder nominations of candidates for election to the Board of Directors or proposals regarding other business to be conducted at a special or annual meeting of the stockholders, the Bylaws may have the effect of precluding the conduct of business at a meeting if the proper procedures are not followed, or may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of the Company.

“Blank” Preferred Stock. The Board of Directors has the authority to issue up to an aggregate of 20,000,000 shares of preferred stock in one or more classes or series and to determine, with respect to any such class or series, the designations, powers, preferences and rights of such class or series, and the qualifications, limitations and restrictions thereof, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption (including sinking fund provisions), redemption prices, liquidation preferences, and the number of shares constituting any class or series or the designation of such class or series, without further vote or action by the stockholders. This preferred stock could have terms that may discourage a potential acquirer from making, without first negotiating with the Board of Directors, an acquisition attempt through which such acquirer may be able to change the composition of the Board of Directors, including a tender offer or other takeover attempt. No shares of preferred stock are currently outstanding.

Emergency Special Meeting of the Board of Directors. The Board of Directors possesses the authority to call and hold emergency special meetings of the Board of Directors with less than forty-eight hours' notice. This power to hold an emergency special meeting of the Board of Directors on short notice could discourage a potential acquirer from launching a bid to acquire majority ownership of the Company, a proxy solicitation in order to replace the current Board of Directors, or otherwise attempting to obtain control of the Company, as such attempts could quickly be thwarted or denied by the Board of Directors.

EXHIBIT 21.1

SUBSIDIARIES OF BLACKBAUD, INC.

As of February 18, 2026

	Organized Under Laws of:
Blackbaud, Inc.	**Delaware**
Subsidiaries	
ACN 161 644 328 Pty. Ltd.	Australia
BB Real Property Development, LLC	Delaware
BBHQ1, LLC	Delaware
BB US-SIS, LLC	Delaware
BB YourCause, Inc.	Delaware
Blackbaud Asia, Ltd.	Hong Kong
Blackbaud Canada, Inc.	Canada
Blackbaud Europe Ltd.	Scotland
Blackbaud Global Ltd.	England and Wales
Blackbaud Latin America, S.R.L.	Costa Rica
Blackbaud Pacific Pty. Ltd.	Australia
Blackbaud Solutions India Private Ltd	India
Blackbaud Tuition Management, LLC	Delaware
Everyday Hero Pty. Ltd.	Australia
Giving.com Limited	England and Wales
Giving Limited	England and Wales
JGCrowdfunding USA, LLC	Delaware
JG US Inc.	Delaware
MyCharity, Ltd.	Ireland
YC Blocker 1, LLC	Delaware
YourCause Holdings, LLC	Delaware
YourCause, LLC	Texas

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form S-3 No. 333-284221) of Blackbaud, Inc.,
2. Registration Statement (Form S-8 No. 333-288027 pertaining to the Blackbaud, Inc. 2016 Equity and Incentive Compensation Plan Amended and Restated as of June 11, 2025,
3. Registration Statement (Form S-8 No. 333-280223 pertaining to the Blackbaud, Inc. 2016 Equity and Incentive Compensation Plan Amended and Restated as of June 12, 2024,
4. Registration Statement (Form S-8 No. 333-272678 pertaining to the Blackbaud, Inc. 2016 Equity and Incentive Compensation Plan Amended and Restated as of June 14, 2023,
5. Registration Statement (Form S-8 No. 333-265527) pertaining to the Blackbaud, Inc. 2016 Equity and Incentive Compensation Plan Amended and Restated as of June 9, 2022,
6. Registration Statement (Form S-8 No. 333-257030) pertaining to the Blackbaud, Inc. 2016 Equity and Incentive Compensation Plan Amended and Restated as of June 10, 2021,
7. Registration Statement (Form S-8 No. 333-232111) pertaining to the Blackbaud, Inc. 2016 Equity and Incentive Compensation Plan Amended and Restated as of June 13, 2019, and
8. Registration Statement (Form S-8 No. 333-212057) pertaining to the Blackbaud, Inc. 2016 Equity and Incentive Compensation Plan;

of our reports dated February 18, 2026, with respect to the consolidated financial statements of Blackbaud, Inc. and the effectiveness of internal control over financial reporting of Blackbaud, Inc. included in this Annual Report (Form 10-K) of Blackbaud, Inc. for the year ended December 31, 2025.

/S/ Ernst & Young LLP

Raleigh, North Carolina
February 18, 2026

EXHIBIT 31.1

Blackbaud, Inc.

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael P. Gianoni, certify that:

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

Date: February 18, 2026

By: /s/ Michael P. Gianoni

Michael P. Gianoni
Chief Executive Officer, President and Vice Chairman of the Board
(Principal Executive Officer)

EXHIBIT 31.2

Blackbaud, Inc.

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Chad M. Anderson, certify that:

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

Date: February 18, 2026

By: /s/ Chad M. Anderson
Chad M. Anderson
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

Blackbaud, Inc.

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

In connection with the Annual Report on Form 10-K of Blackbaud, Inc. (the "Company") for the period ended December 31, 2025 as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Michael P. Gianoni, Chief Executive Officer, President and Vice Chairman of the Board, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

Date: February 18, 2026

By: /s/ Michael P. Gianoni

Michael P. Gianoni
Chief Executive Officer, President and Vice Chairman of the Board
(Principal Executive Officer)

EXHIBIT 32.2

Blackbaud, Inc.

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

In connection with the Annual Report on Form 10-K of Blackbaud, Inc. (the “Company”) for the period ended December 31, 2025 as filed with the Securities and Exchange Commission on or about the date hereof (the “Report”), I, Chad M. Anderson, Executive Vice President and Chief Financial Officer, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: February 18, 2026

By: /s/ Chad M. Anderson

Chad M. Anderson
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)