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**Donnelley Financial  
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*Earnings Call*

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# Call Participants

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# Presentation

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## Operator

Hello, and thank you for standing by. My name is Regina, and I will be your conference operator today. At this time, I would like to welcome everyone to the Donnelley Financial Solutions Fourth Quarter Earnings Conference Call. [Operator Instructions] I would now like to turn the conference over to Mike Zhao, Head of Investor Relations. Please go ahead.

## Michael Zhao

*Head of Investor Relations*

Thank you. Good morning, everyone, and thank you for joining Donnelley Financial Solutions' Fourth Quarter and Full Year 2025 Results Conference Call. This morning, we released our earnings report, including a set of supplemental trending schedules of historical results. Copies of which can be found in the Investors section of our website at [dfinsolutions.com](https://dfinsolutions.com). During this call, we'll refer to forward-looking statements that are subject to risks and uncertainties. For a complete discussion, please refer to the cautionary statements included in our earnings release and further detailed in our most recent annual report on Form 10-K and other filings with the SEC.

Further, we will discuss certain non-GAAP financial information, such as adjusted EBITDA and adjusted EBITDA margin. We believe the presentation of non-GAAP financial information provides you with useful supplementary information concerning the company's ongoing operations and is an appropriate way for you to evaluate the company's performance. They are, however, provided for informational purposes only. Please refer to the earnings release and related tables for GAAP financial information and reconciliations of GAAP to non-GAAP financial information. I am joined this morning by Dan Leib, Dave Gardella and other members of management. I will now turn the call over to Dan.

## Daniel N. Leib

*President, CEO & Director*

Thank you, Mike, and good morning, everyone. We finished 2025 by delivering strong fourth quarter results, highlighted by 10.4% consolidated net sales growth, year-over-year growth in adjusted EBITDA and strong adjusted EBITDA margin. Double-digit growth in both our software solutions and event-driven transactional offerings were key components of our strong top and bottom-line performance. In addition, given our stock trading levels, strong balance sheet, and perspective on long-term value, we accelerated our share buyback during the fourth quarter and repurchased approximately 1.3 million shares, bringing the 2025 total share repurchase to approximately 3.6 million shares, or approximately 12% of the company's outstanding shares from the beginning of the year, at an average price of \$48.36 per share.

As a result of focused execution, we grew consolidated adjusted EBITDA by \$14.1 million, or approximately 44%, year-over-year and delivered an adjusted EBITDA margin of 26.6% in the quarter, an increase of approximately 630 basis points from last year's fourth quarter. Our fourth quarter performance is a further validation of our strategy. Reflecting on the full year of 2025, against the backdrop of continued economic volatility, we delivered strong full year results, including Software Solutions net sales growth of 8.7%, growth in adjusted EBITDA, record adjusted EBITDA margin, and higher free cash flow compared to full year 2024.

While 2025 marked another year of decline in our transactional revenue, the fourth consecutive year of decline, our strong execution enabled us to deliver consolidated adjusted EBITDA of \$239.8 million, an increase of \$22.5 million, or 10.4%, year-over-year and consolidated adjusted EBITDA margin of 31.3%, approximately 350 basis points higher than 2024. For context, our 2025 full year adjusted EBITDA margin exceeded the previous record, which was 29.7%, despite this year's significantly lower overall and transactional revenues compared to that year. Our long-term focused execution to improve our sales mix and manage our cost structure has resulted in DFIN becoming structurally more profitable, creating the financial flexibility to balance investment in our transformation with smart capital deployment.

While transformational implementation continues, 2025 also marks the end of Chapter 2, or the fundamental transformation chapter of our journey as an independent company, a phase that started in 2020. Specifically, during Chapter 2, we transformed many areas of the company, simplified and improved our business processes, installed more robust tooling across the organization, and increased development velocity to bring new solutions to market more efficiently, all aimed at creating significantly improved client experience while increasing value for our clients, employees, and shareholders. Our performance in 2025 demonstrates much of our progress within Chapter 2. Let me highlight a few of those examples. First, one of the fundamental aspects of our strategy has been the continued transformation of sales mix by increasing the adoption of our software solutions while continuing to serve the market, where desired by clients, with our tech-enabled services and print and distribution offerings.

Our 2025 performance further demonstrated the progress of that strategy. For full year 2025, we delivered record Software Solutions net sales of \$358.4 million, an increase of 8.7% from 2024, resulting in Software Solutions comprising approximately 47% of our total full year net sales. Since our 2016 spin-off, we've grown our annual Software Solutions net sales by approximately \$222 million, from \$136 million to \$358 million, representing an annualized growth rate of approximately 11%. At the same time, we've maintained a strong tech-enabled services offering and successfully managed the decline in print and distribution net sales, a decline driven by regulatory change, our proactive decision to exit certain low-margin work, and the secular decline in the demand for printed materials. Our progress keeps us on the right path toward achieving our long-term financial goals.

Let me share a few highlights that underpinned the growth in our software solutions in 2025. First, we are encouraged by the sales growth in our recurring compliance products, ActiveDisclosure and Arc Suite, which increased by approximately 13% in aggregate. For ActiveDisclosure, sales increased by 17% for the full year, our highest annual growth rate since 2021. Since completing the product transition in 2023, we've realized sequential improvements in ActiveDisclosure's operating performance, including growth in net client count as well as higher value per client. This improved growth trajectory demonstrates that the upgrades we have made across the offering, including technology, services and support, combined with strong sales execution, are delivering positive results. With a strong foundation and ongoing momentum, we expect ActiveDisclosure to continue to deliver solid growth in 2026.

Arc Suite, our market-leading compliance software offering to mutual funds and other regulated investment companies, delivered solid full year net sales growth of approximately 11%, in part due to the Tailored Shareholder Reports regulation. Given the mid-year 2024 effective date, the TSR regulation primarily benefited our first half sales growth in 2025, while the second half growth, in aggregate, was more modest as we overlapped the impact of both TSR and a large client contract renewal. As I have stated previously, we expect the growth profile of Arc Suite to be more modest during periods outside of regulatory changes, while over the longer term still exhibiting the double-digit growth we have delivered historically, based, in part, on a dynamic and evolving regulatory environment. We are optimistic about the opportunities created by future regulatory change and believe Arc Suite is well positioned to capture additional demand from new regulations to further accelerate recurring software revenue growth.

In addition to regulatory changes, Arc Suite is also well positioned to capture additional market-driven demand in areas such as private investments. We expect increased reporting and disclosure needs by private investment institutions, including hedge funds, private equity, and business development companies. Our newly launched financial and regulatory reporting offering, ArcFlex, positions DFIN well to capture incremental opportunities in the private investment space. The initial release of ArcFlex has received positive response in the marketplace, and we expect the ramp up in ArcFlex revenue starting in 2027.

Turning now to Venue. As expected, the growth rate in 2025 was more modest compared to the approximately 26% growth we achieved in 2024, which was aided by several large projects. On a full year basis, Venue delivered approximately \$142 million in net sales and grew approximately 3% versus full year of 2024. Importantly, Venue's year-over-year growth rate improved sequentially each quarter throughout the year, and we ended the year with positive momentum, having delivered approximately 20% growth in the fourth quarter. In addition, the rollout of new Venue, which was launched in the third

quarter, continues to gain traction in the marketplace. We are pleased with the ongoing commercial adoption of Venue and expect the upgraded product to contribute to Venue's overall growth in 2026. Next, 2025 was an important milestone in our product development efforts, having introduced several new solutions to market, including the new Venue virtual dataroom, ArcFlex, our offering for alternative investments, and Active Intelligence, a suite of artificial intelligence capabilities within ActiveDisclosure designed to streamline compliance and reporting for companies.

These new products introduced in 2025 are the latest in a series of new software introductions over the last several years, which also include NewAD and within Arc Suite, Total Compliance Management and the Tailored Shareholder Reports solutions, and are the result of our efforts to accelerate the modernization, innovation, and growth of our software portfolio. Over the past several years, these investments have enabled us to launch or modernize the majority of our software products. Our investments have enabled us to increase development velocity, bring new solutions to market more efficiently by leveraging the platform capabilities of our Single Compliance Platform, and empower our clients to adapt quickly to an evolving regulatory environment, all while incorporating the most modern technology.

Finally, in a business landscape that has become increasingly shaped by the adoption of artificial intelligence, DFIN is deploying AI across both our product offerings as well as our internal operations. As we continue to enhance our compliance platform, we are building an AI framework architecture designed to deliver increased value to our clients through improved efficiency and increased productivity. The AI capabilities embedded in Active Intelligence are a good example of the higher value we provide to clients. Specifically, during the initial rollout, select ActiveDisclosure clients have access to AI-enhanced capabilities for streamlining the research, comparison, and analysis of draft SEC filings against their own prior filings and those of selected peers.

This capability will help to reduce risk and expedite the preparation of quarterly and annual reports, proxy statements, and IPO filings. As Active Intelligence and other AI features expand more broadly across the DFIN software platform, we expect more clients will benefit from increased efficiency and actionable insights. This enhancement is part of our end-to-end offering, ensuring clients benefit from both advanced technology and the human expertise required for mission-critical compliance. At the center of our approach is an unwavering commitment to security, privacy, and responsible data governance. For example, we never use client data to train large language models, and we architect our systems to ensure sensitive information is protected at every step.

Internally, our investments in AI enable us to modernize our business operations by applying automation and AI-driven tools, including commercial AI solutions and our own Agentic AI development to streamline workflows, improve productivity, and support profitable growth. One area where we are realizing meaningful benefits from AI is in product development, where improved processes and increased development velocity are enabling us to bring new solutions to market more quickly. These internal gains enhance the speed and quality of the solutions we deliver, allowing us to respond quickly to evolving regulatory, compliance, and client needs. As AI strengthens and expands our capabilities, the value DFIN provides, a unique combination of deep regulatory expertise, an excellent service model, and advanced technology, becomes more evident. We remain a responsible innovator and a trusted partner, dedicated to delivering secure, dependable, and insight-driven solutions for clients' most important regulatory and compliance needs.

Before turning it over to Dave, I wanted to provide a quick update on our operating priorities for 2026. In 2026, we will transition to Chapter 3, or the sustained growth chapter of our transformation. During Chapter 3, we will continue to realize benefits from our revenue mix shift and historical investments that have resulted in a strong foundation for continued innovation and growth. With revenue from recurring and reoccurring offerings approaching 80% of our full year total revenue, and the remaining approximately 20% being event-driven, we expect the evolution of our revenue profile towards a higher mix of predictable revenue to continue going forward as we accelerate the growth in our recurring and reoccurring offerings, while benefiting from, but being less dependent on, event-driven revenues. These dynamics result in sustained profitable revenue growth. We look forward to driving value creation by delivering predictable, consistent organic top line growth, continued strong profitability, and ongoing robust cash flow generation.

Specific to 2026, our primary focus remains on accelerating our business mix shift by continuing to grow our recurring SaaS revenue base while maintaining share in our core traditional businesses, including transactions. We are encouraged by the momentum in capital markets transactional activity so far in the year and remain well positioned to capture an uptick in deal activity. In addition, we expect print and distribution to continue to decline as a result of the long-term secular reduction in the demand for printed products, though at approximately 14% of our 2025 total net sales, the magnitude of the reduction will be more than offset by the growth in Software Solutions net sales. Further, as it relates to regulatory change, we do not expect major SEC rule changes for 2026. That said, our historic and ongoing investments in our regulatory and compliance software platform positions us well to capture the demand from future regulations and non-SEC use cases.

In addition, we will continue to aggressively manage our costs and drive operational efficiencies, part of which will be enabled by the increased adoption of artificial intelligence productivity tools. Finally, we will maintain our disciplined approach to investments and capital allocation in our pursuit of profitable growth opportunities to maximize financial return and create long-term value. I'm confident with our continued focus on executing our strategy, we will create increased value for our clients, employees and shareholders. Before I share a few closing remarks, I would like to turn the call over to Dave to provide more details on our fourth quarter financial results and outlook for the first quarter of 2026. Dave?

**David A. Gardella**  
*Executive VP & CFO*

Thank you, Dan, and good morning, everyone. As Dan noted, we delivered strong fourth quarter results in an uncertain operating environment, including double-digit consolidated year-over-year net sales growth, higher adjusted EBITDA, adjusted EBITDA margin expansion, and an increase in both operating cash flow and free cash flow from last year's fourth quarter. We continued to deliver solid growth in our software solutions offering during the quarter, which grew 11.4% year-over-year. In addition, we experienced an increase in the level of capital markets transactions compared to last year's fourth quarter, which resulted in higher-than-expected event-driven revenue in the quarter.

The fourth quarter capped off a solid full year performance, demonstrated by our evolution toward a more favorable sales mix, strong adjusted EBITDA margin expansion, and disciplined capital allocation. On a consolidated basis, total net sales for the fourth quarter of 2025 were \$172.5 million, an increase of \$16.2 million, or 10.4%, from the fourth quarter of 2024. Net sales exceeded the high end of our guidance range, aided in part by higher capital markets transactional revenue. The 11.4% growth in Software Solutions net sales, combined with higher capital markets transactional revenue, more than offset a year-over-year decrease in capital markets and investment companies traditional compliance revenue, with the majority of the reduction related to the secular decline in print and distribution volume, consistent with recent trends.

Fourth quarter adjusted non-GAAP gross margin was 63.5%, approximately 360 basis points higher than the fourth quarter of 2024, primarily driven by higher net sales and a favorable sales mix, the impact of cost control initiatives, and price uplifts. Adjusted non-GAAP SG&A expense in the quarter was \$63.8 million, a \$1.7 million increase from the fourth quarter of 2024. As a percentage of net sales, adjusted non-GAAP SG&A was 37%, a decrease of approximately 270 basis points from the fourth quarter of 2024, as a result of operating leverage on higher net sales. The increase in adjusted non-GAAP SG&A was primarily driven by an increase in selling expense as a result of higher sales volume and higher incentive compensation expense relative to last year's fourth quarter, though full year incentive compensation expense was less than last year, partially offset by the impact of ongoing cost control initiatives.

Our fourth quarter adjusted EBITDA was \$45.8 million, an increase of \$14.1 million from the fourth quarter of 2024. Fourth quarter adjusted EBITDA margin was 26.6%, an increase of approximately 630 basis points from the fourth quarter of 2024. The increases in adjusted EBITDA and adjusted EBITDA margin were primarily due to higher net sales, a favorable sales mix, and cost control initiatives, partially offset by higher incentive compensation expense and higher selling expense as a result of the increase in sales volume. Turning now to our fourth quarter segment results. Net sales in our Capital Markets Software Solutions segment were \$60 million, an increase of 20% from the fourth quarter of

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last year, with each offering within the segment, Venue and ActiveDisclosure, growing approximately 20% year-over-year.

Specifically, Venue sales were up \$6.2 million from last year's fourth quarter, while also increasing sequentially from the third quarter. Venue sales growth accelerated in the fourth quarter, driven by increases in activity across both the United States and Europe. In addition, we benefited from several large projects in this year's fourth quarter, which combined to account for approximately half of Venue's year-over-year sales growth. As Dan noted earlier, we are encouraged by the in-market performance of new Venue and believe we are well positioned to capture additional share going forward. As it relates to ActiveDisclosure, we posted another quarter of strong sales growth, increasing by \$3.8 million, or 20.2%, compared to the fourth quarter of 2024 and a continuation of the stronger growth rate we delivered in the third quarter.

Total subscription revenue increased by approximately 12%, an acceleration compared to recent trend, primarily driven by the continued growth in client count. In addition, we continue to make progress in the migration of certain activities historically performed on our traditional services platform to ActiveDisclosure, including the use case for IPOs. During the fourth quarter, we experienced higher usage of ActiveDisclosure in the drafting and filing of S-1 documents for certain IPO transactions. We remain encouraged by ActiveDisclosure's solid foundation for future revenue growth, part of which will be influenced by the amount of event-driven transactional activity taking place on the platform.

The combination of ActiveDisclosure, our strong service offering, and the related domain expertise remains a strategic differentiator for DFIN. Adjusted EBITDA margin for the segment was 30.2%, an increase of approximately 360 basis points from the fourth quarter of 2024, primarily due to higher net sales and cost control initiatives, partially offset by higher selling expenses as a result of increased net sales. Net sales in our Capital Markets, Compliance and Communications Management segment were \$61.6 million, an increase of \$8.3 million, or 15.6%, from the fourth quarter of 2024, driven by higher event-driven transactional revenue. During the fourth quarter, we recorded \$48.6 million in transactional revenue, which exceeded the high end of our expectations and was up approximately \$11 million, or 29%, from the fourth quarter of 2024.

While the U.S. government shutdown temporarily paused certain transactions from being completed, once the shutdown ended in mid-November, we experienced a quick resumption of deal completions, driven by both the backlog of delayed deals as well as from increased market activity. Overall, the positive momentum in the equity deal environment, which had been building throughout 2025, continued in the fourth quarter, resulting in increases in the number of regular way IPO transactions that raised over \$100 million and completed public company M&A deals in the U.S. compared to the fourth quarter of 2024. Consistent with our historical track record, we continue to maintain high market share for large, high-quality IPO and M&A transactions completed in the quarter.

DFIN remains very well positioned to capture future demand for transaction-related products and services as market activity normalizes. Capital Markets compliance revenue was down \$2.4 million, or 15.5%, year-over-year, driven by a lower volume of compliance work, including the related print and distribution, consistent with the trend from the first 3 quarters of the year. Adjusted EBITDA margin for the segment was 33.6%, an increase of approximately 810 basis points from the fourth quarter of 2024. The increase in adjusted EBITDA margin was primarily due to higher transactional revenue and cost control initiatives, partially offset by lower compliance volume. Net sales in our Investment Companies Software Solutions segment were \$30.9 million, a decrease of \$0.7 million or 2.2% versus the fourth quarter of 2024.

As expected, during the fourth quarter, ArcSuite faced tough comparisons as we overlapped a very strong fourth quarter of 2024, during which sales increased approximately 23% year-over-year. The robust fourth quarter 2024 sales growth was aided by an increase in revenue associated with onboarding clients to the Tailored Shareholder Reports solution as well as the favorable impact related to the renewal of a large customer contract. As such, we overlapped both impacts during this year's fourth quarter, resulting in a modest decline in services revenue, while subscription revenue was flat year-over-year. On a full year basis, total Arc Suite delivered approximately \$128 million in revenue and grew 10.6% year-over-year, driven by growth in subscription revenue.

As Dan noted earlier, with demand normalizing following the adoption of Tailored Shareholder Reports, we expect a more modest growth related to this offering in 2026, while ArcFlex, our alternative investments solution, is expected to drive incremental revenue starting in 2027. Adjusted EBITDA margin for the segment was 37.9%, an increase of approximately 90 basis points from the fourth quarter of 2024. The increase in adjusted EBITDA margin was primarily due to price uplifts and cost control initiatives, partially offset by the impact of lower sales volume. Net sales in our Investment Companies Compliance and Communications Management segment were \$20 million, a decrease of \$1.4 million from the fourth quarter of 2024, driven primarily by lower print and distribution revenue.

The reduction in print and distribution revenue is a result of the secular decline in the demand for printed materials, a trend we expect to continue going forward. Adjusted EBITDA margin for the segment was 26.5%, an increase of approximately 410 basis points from the fourth quarter of 2024. The increase in adjusted EBITDA margin was primarily due to cost control initiatives, partially offset by the impact of lower sales volume. Non-GAAP unallocated corporate expenses were \$10 million in the quarter, a decrease of \$1.7 million from the fourth quarter of 2024, primarily driven by lower health care expense and cost control initiatives, partially offset by higher incentive compensation expense. Free cash flow in the fourth quarter was \$47.9 million, and full year free cash flow was \$107.8 million, an increase of \$2.6 million over full year 2024.

The improvement in full-year free cash flow was primarily due to the flow-through of higher adjusted EBITDA, lower cash tax payments, and lower capital expenditures, partially offset by working capital and the one-time cash contribution related to the pension plan settlement, which occurred during the third quarter. We ended the year with \$171.3 million of total debt and \$146.8 million of non-GAAP net debt. At year-end 2025, we had \$61 million of outstanding borrowings under our revolver and had \$24.5 million of cash on hand. As of December 31, 2025, our non-GAAP net leverage ratio was 0.6x. Regarding capital deployment, we repurchased approximately 1,255,000 shares of common stock during the fourth quarter for \$60.7 million at an average price of \$48.38 per share. For full year 2025, we repurchased approximately 3,563,000 shares for \$172.3 million at an average price of \$48.36 per share.

As of December 31, 2025, we had \$53.8 million remaining on our current \$150 million stock repurchase authorization. Going forward, we will continue to take a balanced approach to our capital deployment. As it relates to our outlook for the first quarter of 2026, we are encouraged by both the level of transactional activity as well as the pipeline so far in the first quarter, though overall deal volume still remains below the historical average. In addition, we expect a continued decline in print and distribution sales, which will impact our traditional compliance offerings, consistent with the recent trend. Given the first and second quarters are the peak periods for compliance activities such as corporate proxies and annual reports and the associated printing and distribution, the rate of decline in print and distribution sales is expected to be greater during the first half of the year compared to the second half.

Further, we expect continued solid growth in Venue and ActiveDisclosure, while Arc Suite will overlap the stronger growth we delivered in last year's first quarter. With that as the backdrop, we expect consolidated first quarter net sales in the range of \$200 million to \$210 million and consolidated adjusted EBITDA margin in the range of 33% to 35%. Compared to the first quarter of last year, the midpoint of our consolidated revenue guidance, \$205 million, implies an increase of approximately 2% as the decline in print and distribution volume will be more than offset by software solutions sales growth. I'll also provide a bit more color on our assumptions for the capital markets transactional sales. We assume first quarter transactional sales in the range of \$45 million to \$50 million, the midpoint of which is approximately flat compared to the first quarter of 2025 as well as flat on a sequential basis. While we remain very encouraged by the ongoing improvement in underlying market activity, recent market volatility has the potential to impact the timing of certain transactions between quarters.

As it relates to the full year, our 2026 operating plan reflects the continued execution of our strategy and associated investments aimed toward accelerating our transformation. Our capital spending, which is predominantly related to development in our software products and the underlying technology to support them, is projected to be between \$55 million and \$60 million, approximately flat from the \$57.1 million that we spent in 2025. With that, I'll now pass it back to Dan.

**Daniel N. Leib**

*President, CEO & Director*

Thanks, Dave. Our performance in 2025 serves as a further proof point that our strategic transformation is enabling DFIN to become more profitable and resilient. We executed well in a challenging market environment, delivering strong financial results, while also continuing to invest in, and execute, our strategic transformation. The combination of our market position, cost structure, and financial flexibility create a solid foundation as we progress in Chapter 3 of our transformation journey. Before we open it up for Q&A, I'd like to thank the DFIN employees around the world. Now with that, operator, we're ready for questions.

## Question and Answer

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### Operator

[Operator Instructions] Our first question will come from the line of Charlie Strauzer with CJS Securities.

**Charles S. Strauzer**  
*CJS Securities, Inc.*

A couple of quick questions for you guys. How much of the outperformance in Q4 was kind of volume versus price? And any more color behind the outperformance that would be great.

**David A. Gardella**  
*Executive VP & CFO*

Yes, Charlie, it's Dave. I'll take that one. I would say price was not significant. I'd say a modest driver. Really, when we think about the outperformance, much of it was on the capital markets transactional revenue and then I think both Venue and AD showed that 20% growth, which was a little bit better than we expected. So predominantly volume. And I would say, as it relates specifically to the capital markets transactional activity, we had the government shutdown for the first half of the quarter, mid-November. The recovery was quicker than we had expected. And then you combine that with the strong underlying activity level in transaction made for a nice quarter in terms of the top and bottom line relative to our guidance.

**Charles S. Strauzer**  
*CJS Securities, Inc.*

Great. And then your margins were very strong, obviously, in Q4 and for the year. Any more color on the drivers behind the outperformance on that side as well?

**David A. Gardella**  
*Executive VP & CFO*

Yes. I would say more of the same of what we've seen over the long term. I think when you look at how the mix of sales is changing, what we're doing with the cost structure and then certainly the growth, especially on the software sales and then in particular, this quarter with a nice growth in transactional, that operating leverage, right? So the incremental margin on the sales growth has really pushed margin higher. And again, I'd say in line with what we've talked about in terms of going forward, certainly in line with the trajectory that we've seen. Our long-term guidance is for margins north of 30%. We're probably, frankly, ahead of what we had projected. And so feel really good about the direction where we're going with profitability.

**Charles S. Strauzer**  
*CJS Securities, Inc.*

Great. Dan, just a quick one for you. Just when you think about capital allocation, valuation multiples have contracted across a number of technology stocks. When you look at the potential opportunity in your kind of purview, are you seeing anything more interesting that you would have seen maybe a couple of months ago?

**Daniel N. Leib**  
*President, CEO & Director*

Yes, it's a great question. I think expectations probably haven't followed as quickly. And as we see the disruption even over the past week or 2, it will take a bit of time. Obviously, for public companies, everyone's had a bit of a re-rate. But I think most folks are thinking or hoping it's not permanent. So I don't think the expectation side of it yet has adjusted. But if valuations persist at a lower level with the AI overhang, then I think they will. And folks are sitting on assets for a fairly long amount of time and looking for liquidity in some cases. So it will take longer, but something that we continue to watch.

**Operator**

Our next question will come from the line of Pete Heckmann with D.A. Davidson.

**Peter James Heckmann**

*D.A. Davidson & Co., Research Division*

In regard to ArcFlex, the platform designed for alternative investment managers, can you talk a little bit about kind of how you think about the relative TAM for ArcFlex relative to Arc Suite? And are those 2 solutions designed to be sold together to investment managers that do both? Or can ArcFlex be a stand-alone product sold to purely alternative managers?

**Daniel N. Leib**

*President, CEO & Director*

Yes. Thank you, Pete. It can definitely be sold as stand-alone. We do see synergy with existing relationships, certainly on the TPA side. And it is a good example of an offering that we were able to build much more quickly, efficiently given the platform that we've been developing and talked about for a few years. But we see the market and we see the interest being really high as assets continue to grow in the private space, people need more robust solutions in the market. And so getting a lot of interest in discussions. There is not as much of a regulatory framework around that. But even without that, we are seeing some firms transact and purchase ArcFlex. And Eric, I don't know if you wanted to add to that.

**Eric J. Johnson**

*President of Global Investment Companies*

Yes. Thanks, Dan. Pete, it's Eric Johnson. Just the data that we have from the SEC shows that the private fund numbers, so number of private funds, so early 2025 was over 54,000, up 15% from the prior period 2023 or same time frame. So there's a significant increase in the number of funds. But what's really happening is this retail access is driving an expansion in the number of investors, which is really pushing the industry to meet efficient production at scale. And with the introduction of ArcFlex, we can handle the alternative investment reporting requirements. At the same time, with the horsepower of ArcReporting, we can help these clients manage the scale that's required to manage this influx of reporting activity due to the increased demand and especially driven from the retail side of the market.

**Peter James Heckmann**

*D.A. Davidson & Co., Research Division*

Okay. That's really helpful. And then just in terms of the IPO activity in the quarter, it looked like DFIN's share of traditional IPOs was very, very strong. And I guess, would you characterize that as anything beyond just a good mix towards the kind of the larger and more complex IPOs versus smaller deals?

**Craig D. Clay**

*President of Global Capital Markets*

It's Craig Clay. Thank you for the question. I think as you saw in Q4, there were 41 companies that priced, 17 raised over \$100 million. Our share of that over \$100 million was 65%, which is certainly on the higher side. I think what's awesome is Q4's volume was up 70% year-over-year in the \$100 million category. These 17 companies raised a total of \$13 billion. Health care dominated across a number of deals. Medline raised \$6 billion, and that was a DFIN supported deal. There was one other \$1 billion-plus deal, Beta Technologies that we also supported. To your question, we certainly play to the larger deals. In the full year 2025, there were 10 offerings greater than \$1 billion, and we had 70% share of that. So certainly, we are prepared and ready to work the way that our clients want to work.

You saw in the prepared remarks how we are supporting IPOs on ActiveDisclosure, which is really a terrific opportunity for us to move into that space. We look at that hybrid solution as a way for our companies to work across the boundaries of having access to our customer service and having access to our regulatory experts. This is an opportunity to touch on Active Intelligence. It demonstrates, as Dan said, we're delivering a higher value to our clients across this. Our success with implementing that into ActiveDisclosure, which has Ks, Qs, proxies, IPOs, also validates us as a core member of our clients' team,

which is embedded at the moment they need accuracy and speed and regulatory confidence. So thank you for the question.

**Operator**

And our next question comes from the line of Ross Cole with Needham & Company.

**Ross Cole**

*Needham & Company LLC, Research Division*

Congratulations on a strong quarter. I was wondering if you could dive in a little deeper in terms of the double-digit software growth you're seeing for 2026? And maybe how do you see that broken up between product or maybe between capital markets versus investment companies, especially given the dynamic of fewer regulatory changes in the year and possibly a slower IPO market?

**David A. Gardella**

*Executive VP & CFO*

Yes. Ross, just to be clear, on 2026, I think what we said was we expect continued strong growth from ActiveDisclosure and Venue heading into '26 and certainly have that momentum coming out of Q4 here. And then exactly to your point, as it relates to Arc Suite, we've seen the growth in Arc Suite really be more lumpy, I guess, over the course of time. And a lot of that tied to new regulation, whether it be Tailored Shareholder Reports and the Total Compliance Management solution that we launched a few years ago and then more recently with -- sorry, the prior one was 30e-3 with Total Compliance Management and then more recently, Tailored Shareholder Reports those regulations. And so we would say that it will continue to be lumpy going forward, the outsized growth that come in years with new regulatory changes. And then to the earlier question as it relates to private markets, continue to view that as an opportunity and more to come as it relates to ArcFlex and serving the private market side.

**Daniel N. Leib**

*President, CEO & Director*

Yes. And just to build on that to the 2026 specifically to Dave's point and then on ArcFlex, our comments where we expect benefit in '27, it's possible it's tail end or some benefit in '26, but it will be very tail end or -- but definitely more predominant in 2027.

**Operator**

[Operator Instructions] And that will conclude our question-and-answer session. I'll turn the call back over to Dan Leib for closing comments.

**Daniel N. Leib**

*President, CEO & Director*

Thank you very much, and thank you, everyone, for joining us, and we will look forward to seeing you very soon. Thank you.

**Operator**

This concludes today's call. Thank you all for joining. You may now disconnect.

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