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

FORM 10-Q
(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 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 001-40321



ALKAMI TECHNOLOGY, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	45-3060776
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
5601 Granite Parkway, Suite 120 Plano, TX	75204
(Address of Principal Executive Offices)	(Zip Code)

(877) 725-5264
(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 per share	ALKT	The Nasdaq Stock Market LLC

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

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

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

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

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

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

The number of shares of registrant's common stock outstanding as of June 30, 2025 was 104,083,138.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

ALKAMI TECHNOLOGY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)
(UNAUDITED)

	June 30, 2025	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	$ 52,426	$ 94,359
Marketable securities	34,686	21,375
Accounts receivable, net	47,679	38,739
Deferred costs, current	14,629	13,207
Prepaid expenses and other current assets	28,411	13,697
Total current assets	177,831	181,377
Property and equipment, net	24,190	22,075
Right-of-use assets	14,213	14,565
Deferred costs, net of current portion	38,516	37,178
Intangibles, net	172,182	29,021
Goodwill	403,814	148,050
Other assets	9,643	5,011
Total assets	$ 840,389	$ 437,277
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 6,704	$ 6,129
Accrued liabilities	30,965	24,520
Deferred revenues, current portion	27,157	13,578
Lease liabilities, current portion	1,584	1,343
Total current liabilities	66,410	45,570
Deferred revenues, net of current portion	25,600	15,526
Deferred income taxes	2,413	1,822
Convertible senior notes, net	335,208	—
Revolving loan	50,000	—
Lease liabilities, net of current portion	16,513	17,109
Other non-current liabilities	229	220
Total liabilities	496,373	80,247
Stockholders' Equity		
Preferred stock, $0.001 par value, 10,000,000 shares authorized and 0 shares issued and outstanding as of June 30, 2025 and December 31, 2024	—	—
Common stock, $0.001 par value, 500,000,000 shares authorized; and 104,083,138 and 102,088,783 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively	104	102
Additional paid-in capital	841,520	833,129
Accumulated deficit	(497,608)	(476,201)
Total stockholders' equity	344,016	357,030
Total liabilities and stockholders' equity	$ 840,389	$ 437,277

The above financial statements should be read in conjunction with the Notes to the Unaudited Condensed Consolidated Financial Statements.

ALKAMI TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(UNAUDITED)

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Revenues	$ 112,059	$ 82,160	$ 209,894	$ 158,287
Cost of revenues[1]	46,441	33,389	86,516	65,484
Gross profit	65,618	48,771	123,378	92,803
Operating expenses:				
Research and development	30,231	23,909	57,116	46,729
Sales and marketing	22,991	16,964	40,890	30,807
General and administrative	26,039	20,612	49,810	39,927
Acquisition-related expenses	513	135	2,891	195
Amortization of acquired intangibles	1,707	358	2,275	717
Loss on impairment of intangible assets	—	—	1,655	—
Total operating expenses	81,481	61,978	154,637	118,375
Loss from operations	(15,863)	(13,207)	(31,259)	(25,572)
Non-operating income (expense):				
Interest income	1,164	1,261	2,260	2,343
Interest expense	(3,188)	(74)	(3,989)	(147)
Loss on financial instruments	—	(112)	—	—
Loss before income taxes	(17,887)	(12,132)	(32,988)	(23,376)
(Benefit from) provision for income taxes	(4,296)	185	(11,581)	374
Net loss	$ (13,591)	$ (12,317)	$ (21,407)	$ (23,750)
Net loss per share attributable to common stockholders:				
Basic and diluted	$ (0.13)	$ (0.13)	$ (0.21)	$ (0.24)
Weighted-average number of shares of common stock outstanding:				
Basic and diluted	103,389,459	98,103,527	102,912,715	97,524,379

[1] Includes amortization of acquired technology of $4.9 million and $1.4 million for the three months ended June 30, 2025 and 2024, respectively, and $6.8 million and $2.7 million for the six months ended June 30, 2025 and 2024, respectively.

The above financial statements should be read in conjunction with the Notes to the Unaudited Condensed Consolidated Financial Statements.

ALKAMI TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except share data)
(UNAUDITED)

	Three months ended June 30, 2025				
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance March 31, 2025	103,019,976	$ 103	$ 817,958	$ (484,017)	$ 334,044
Stock-based compensation	—	—	19,888	—	19,888
Issuance of common stock upon restricted stock unit vesting	855,832	1	(1)	—	—
Common stock issued under Employee Stock Purchase Plan (ESPP)	126,666	—	2,943	—	2,943
Exercised stock options	80,664	—	732	—	732
Net loss	—	—	—	(13,591)	(13,591)
Balance June 30, 2025	104,083,138	$ 104	$ 841,520	$ (497,608)	$ 344,016

	Three months ended June 30, 2024				
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance March 31, 2024	97,515,483	$ 98	$ 769,608	$ (446,799)	$ 322,907
Stock-based compensation	—	—	15,356	—	15,356
Issuance of common stock upon restricted stock unit vesting	537,974	—	—	—	—
Common stock issued under ESPP	216,174	—	2,598	—	2,598
Exercised stock options	715,739	1	5,756	—	5,757
Payments for taxes related to net settlement of equity awards	—	—	(7,117)	—	(7,117)
Net loss	—	—	—	(12,317)	(12,317)
Balance June 30, 2024	98,985,370	$ 99	$ 786,201	$ (459,116)	$ 327,184

	Six months ended June 30, 2025				
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance December 31, 2024	102,088,783	$ 102	$ 833,129	$ (476,201)	$ 357,030
Stock-based compensation	—	—	36,253	—	36,253
Issuance of common stock upon restricted stock unit vesting	1,553,338	2	(2)	—	—
Common stock issued under ESPP	126,666		2,943	—	2,943
Exercised stock options	314,351	—	2,255	—	2,255
Capped call transaction	—	—	(33,879)	—	(33,879)
Stock-based compensation replacement awards related to merger consideration and attributable to pre-combination services	—	—	821	—	821
Net loss	—	—	—	(21,407)	(21,407)
Balance June 30, 2025	104,083,138	$ 104	$ 841,520	$ (497,608)	$ 344,016

	Six months ended June 30, 2024				
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance December 31, 2023	96,722,098	$ 97	$ 760,210	$ (435,366)	$ 324,941
Stock-based compensation	—	—	29,262	—	29,262
Issuance of common stock upon restricted stock unit vesting	1,021,491	1	(1)	—	—
Common stock issued under ESPP	216,174	—	2,598	—	2,598
Exercised stock options	1,025,607	1	6,927	—	6,928
Payments for taxes related to net settlement of equity awards	—	—	(12,795)	—	(12,795)
Net loss	—	—	—	(23,750)	(23,750)
Balance June 30, 2024	98,985,370	$ 99	$ 786,201	$ (459,116)	$ 327,184

The above financial statements should be read in conjunction with the Notes to the Unaudited Condensed Consolidated Financial Statements.

ALKAMI TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(UNAUDITED)

	Six months ended June 30,	
	2025	2024
Cash flows from operating activities:		
Net loss	$ (21,407)	$ (23,750)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization expense	11,186	5,175
Accrued interest on marketable securities, net	(540)	(787)
Stock-based compensation expense	35,608	28,565
Amortization of discount and debt issuance costs	785	65
Loss on impairment of intangible assets	1,655	—
Deferred taxes	(12,006)	47
Changes in operating assets and liabilities:		
Accounts receivable	(7,461)	(3,453)
Prepaid expenses and other assets	(15,752)	(3,790)
Accounts payable and accrued liabilities	4,199	(653)
Deferred costs	(2,280)	(2,569)
Deferred revenues	1,506	2,649
Net cash (used in) provided by operating activities	(4,507)	1,499
Cash flows from investing activities:		
Purchase of marketable securities	(29,971)	(15,588)
Proceeds from sales, maturities and redemptions of marketable securities	17,200	41,609
Purchases of property and equipment	(882)	(731)
Capitalized software development costs[1]	(3,208)	(3,015)
Acquisition of business, net of cash acquired	(375,499)	—
Net cash (used in) provided by investing activities	(392,360)	22,275
Cash flows from financing activities:		
Payments on revolving loan	(10,000)	—
Debt issuance costs paid	(1,898)	—
Proceeds from ESPP issuances	2,943	2,598
Proceeds from issuance of convertible senior notes	335,513	—
Proceeds from borrowing under revolving loan	60,000	—
Purchase of capped call transaction	(33,879)	—
Payments for taxes related to net settlement of equity awards	—	(12,795)
Proceeds from stock option exercises	2,255	6,928
Net cash provided by (used in) financing activities	354,934	(3,269)
Net (decrease) increase in cash and cash equivalents	(41,933)	20,505
Cash and cash equivalents, beginning of period	94,359	40,927
Cash and cash equivalents, end of period	$ 52,426	$ 61,432

[1] See Note 4 for additional information regarding non-cash investing activities for the six months ended June 30, 2025 and 2024 related to capitalized software development costs.

The above financial statements should be read in conjunction with the Notes to the Unaudited Condensed Consolidated Financial Statements.

ALKAMI TECHNOLOGY, INC.
Notes to the Unaudited Condensed Consolidated Financial Statements
(in thousands, except share and per share data)
(Unaudited)

Note 1. Organization

Description of Business

Alkami Technology, Inc. (the "Company") is a cloud-based digital banking solutions provider. The Company inspires and empowers community, regional and super-regional financial institutions ("FIs") to compete with large, technologically advanced and well-resourced banks in the United States. The Company's solution, the Alkami Digital Banking Platform, allows FIs to onboard and engage new users, accelerate revenues and meaningfully improve operational efficiency, all with the support of a proprietary, true cloud-based, multi-tenant architecture. The Company cultivates deep relationships with its clients through long-term, subscription-based contractual arrangements, aligning its growth with its clients' success and generating an attractive unit economic model. The Company was incorporated in Delaware in August 2011, and its principal offices are located in Plano, Texas.

Note 2. Summary of Significant Accounting Policies

The accompanying condensed consolidated financial statements reflect the application of significant accounting policies as described below.

Basis of Presentation and Consolidation

The interim unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. All intercompany accounts and transactions are eliminated.

In the Company's opinion, the accompanying interim unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments, consisting of normal, recurring adjustments, necessary to present fairly the financial position, results of operations and cash flows for the periods indicated. Certain information and disclosures normally included in the notes to the annual consolidated financial statements prepared in accordance with GAAP have been omitted from these interim unaudited condensed consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, these interim unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the accompanying notes for the fiscal year ended December 31, 2024, which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 28, 2025. Operating results for the three and six months ended June 30, 2025 are not necessarily indicative of results that may be expected for any other interim period or for the year ending December 31, 2025.

The Company has no sources of other comprehensive income, and accordingly, net loss presented each period is the same as comprehensive loss.

The Company has reclassified certain amounts in its notes to the condensed consolidated financial statements in the prior periods to conform to current periods presentation.

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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates and assumptions include determining the timing and amount of revenue recognition and business combinations.

Operating Segment

The Company's chief operating decision maker, the Chief Executive Officer, assesses performance for the Company's single reportable segment and decides how to allocate resources based on the Company's net loss (see the unaudited condensed consolidated statements of operations).

See the accompanying condensed consolidated financial statements for single reportable segment-level financial information, total assets, revenues from external customers, depreciation and amortization expense, interest income and interest expense, (benefit from) provision for income taxes, other non-operating expenses, and significant non-cash transactions.

Recent Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2024-03, "Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses" ("ASU 2024-03"). The amendments in the ASU require disclosures about specific types of expenses included in the expense captions presented on the Condensed Consolidated Statements of Operations, as well as disclosures about selling expenses. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, on a prospective basis. Early adoption is permitted. The Company is currently evaluating the impact of adoption on our financial disclosures.

Note 3. Business Combination

MANTL

On March 17, 2025, the Company consummated its previously announced merger with Fin Technologies, Inc. dba MANTL ("MANTL") pursuant to an Agreement and Plan of Merger (the "Merger Agreement"), dated February 27, 2025, with MANTL surviving as a wholly owned subsidiary of the Company. MANTL provides onboarding and account opening solutions that allow financial institutions to acquire commercial, business and retail customers through a variety of channels for many deposit account types.

The aggregate consideration paid in exchange for all of the outstanding equity interests of MANTL was approximately $375 million, net of cash acquired (the "Merger Consideration"). A portion of the Merger Consideration of approximately $9.1 million was placed into escrow to secure certain post-closing obligations as defined in the Merger Agreement.

As of June 30, 2025, the allocation of the purchase price for MANTL has not been finalized. The preliminary purchase price allocations are based upon the preliminary valuation of assets and liabilities. These estimates and assumptions are subject to change as the Company obtains additional information during the measurement period. The following table summarizes the fair value of the amounts recognized as of the acquisition date for each major class of asset acquired or liability assumed, as well as adjustments made during the measurement period:

(in thousands)	Preliminary Fair Value as of March 17, 2025	Measurement Period Adjustments	Adjusted Fair Value as of June 30, 2025
Cash	$ 2,784	$ —	$ 2,784
Trade accounts receivables	1,479	—	1,479
Prepaid expenses and other current assets	2,826	105	2,931
Property and equipment, net	217	—	217
Goodwill	252,108	3,655	255,763
Intangible assets	153,500	—	153,500
Right-of-use assets	336	—	336
Total assets acquired	$ 413,250	$ 3,760	$ 417,010
Accounts payable	$ 1,653	$ —	$ 1,653
Accrued liabilities	1,163	—	1,163
Lease liabilities, current portion	180	—	180
Deferred revenues, current portion	12,056	—	12,056
Deferred tax liability	8,836	3,760	12,596
Lease liabilities, net of current portion	167	—	167
Deferred revenues, net of current portion	10,091	—	10,091
Total liabilities assumed	34,146	3,760	37,906
Net assets acquired	$ 379,104	$ —	$ 379,104
Less cash acquired	(2,784)	—	(2,784)
Less stock-based compensation replacement awards related to merger consideration and attributable to pre-combination services	(821)	—	(821)
Total cash consideration for acquisition, less cash acquired	$ 375,499	$ —	$ 375,499

The measurement period adjustments recorded for the three months ended June 30, 2025 are related to post-closing working capital adjustments and assumption of deferred tax liabilities.

The table below outlines the purchased identifiable intangible assets:

	Weighted-Average Amortization Period	Total
	(in years)	*(in thousands)*
Customer relationships	15	$ 72,500
Developed technology	5	75,300
Tradenames	10	5,700
Total identifiable intangible assets		$ 153,500

Goodwill resulted from the acquisition as it is intended to augment and diversify the Company's single reportable segment and provide a complimentary solution to its existing platform offering. The Company accounted for the acquisition as a business combination. As a result of the acquisition of the stock of MANTL, the goodwill is not deductible for tax purposes.

The Company estimated and recorded a net deferred tax liability of $12.6 million after offsetting the acquired available tax attributes with the identifiable intangible assets shown in the table above. Refer to Note 10 for discussion of the partial release of the Company's pre-existing valuation allowance relating to the net deferred tax liability.

In connection with the acquisition of MANTL, the vesting of certain outstanding unvested equity awards was accelerated. These awards were settled in cash upon the closing of the transaction and were accounted for as post-combination stock-based compensation expense. As a result, the Company recognized stock-based compensation expense of $3.9 million, of which $1.0 million, $1.0 million, $0.3 million, and $1.6 million are included in cost of revenues, research and development, sales and marketing, and general and administrative, respectively, in the condensed consolidated statements of operations for the six months ended June 30, 2025.

For the three and six months ended June 30, 2025, the Company recognized acquisition-related expenses of $0.5 million and $2.9 million, respectively, related to the acquisition of MANTL.

The financial results of MANTL, for the period of March 18, 2025 through June 30, 2025, are included in the Company's condensed consolidated financial statements and notes. The revenue contribution from the MANTL acquisition was $10.3 million and $11.7 million for the three and six months ended June 30, 2025, respectively.

Note 4. Property and Equipment, Net

Depreciation and amortization expense was $1.1 million and $2.1 million for the three and six months ended June 30, 2025, respectively, and $0.9 million and $1.8 million for the three and six months ended June 30, 2024, respectively.

Property and equipment, net, includes the following amounts at June 30, 2025 and December 31, 2024:

(in thousands)	Useful Life	June 30, 2025	December 31, 2024
Capitalized software development costs	5 years	23,328	19,728
Equipment and software	3 to 5 years	3,169	2,934
Leasehold improvements	3 to 10 years	10,238	10,229
		$ 36,735	$ 32,891
Less: accumulated depreciation and amortization		(12,545)	(10,816)
Property and equipment, net		$ 24,190	$ 22,075

For both the six months ended June 30, 2025 and 2024, the Company had non-cash investing activities of $0.4 million for capitalized stock-based compensation related to capitalized software development costs. Additionally, the Company recognized stock-based compensation expense through the amortization of capitalized stock-based compensation associated with capitalized software development costs of less than $0.1 million and $0.1 million for the three and six months ended June 30, 2025, respectively, and $0.1 million for both the three and six months ended June 30, 2024.

See Note 15 for information related to a capitalized software development costs impairment.

Note 5. Revenues and Deferred Costs

The following table disaggregates the Company's revenue by major source for the three and six months ended June 30, 2025 and 2024:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	2025	2024	2025	2024
SaaS subscription services	$ 105,859	$ 78,371	$ 198,667	$ 151,383
Implementation services	3,244	2,110	5,516	3,958
Other services	2,956	1,679	5,711	2,946
Total revenues	$ 112,059	$ 82,160	$ 209,894	$ 158,287

The Company recognized approximately $6.8 million of revenue during the six months ended June 30, 2025 that was included in deferred revenues in the accompanying condensed consolidated balance sheets as of the beginning of the reporting period. For those contracts that were wholly or partially unsatisfied as of June 30, 2025, the Company's remaining performance obligation totaled approximately $1.6 billion. The Company expects to recognize approximately 49.5% of these remaining obligations as revenue over the next 24 months, an additional 34.4% in the next 25 to 48 months, and the remaining balance thereafter. This estimate does not include estimated consideration for excess user and transaction processing fees that the Company expects to earn under its subscription contracts.

Contract assets totaled $2.9 million, including $0.7 million related to MANTL, and $1.9 million as of June 30, 2025 and December 31, 2024, respectively, which are included in other assets in the accompanying condensed consolidated balance sheets.

Deferred Cost Recognition

The Company capitalized $2.5 million and $3.5 million in deferred commissions costs during the three and six months ended June 30, 2025, respectively, and $1.7 million and $2.9 million for the three and six months ended June 30, 2024, respectively, and recognized amortization of $1.6 million and $3.1 million during the three and six months ended June 30, 2025, respectively, and $1.3 million and $2.5 million during the three and six months ended June 30, 2024, respectively. Amortization expense is included in sales and marketing expenses in the accompanying condensed consolidated statements of operations. Deferred commissions are considered costs to obtain a contract and are included in deferred costs in the accompanying condensed consolidated balance sheets in the amount of $26.4 million and $25.9 million as of June 30, 2025 and December 31, 2024, respectively.

The Company capitalized implementation costs of $3.1 million and $5.3 million during the three and six months ended June 30, 2025, respectively, and $2.3 million and $5.2 million for the three and six months ended June 30, 2024, respectively, and recognized amortization of $1.6 million and $3.0 million for the three and six months ended June 30, 2025, respectively, and $1.3 million and $2.7 million during the three and six months ended June 30, 2024, respectively. Amortization expense is included in cost of revenues in the accompanying condensed consolidated statements of operations. These deferred costs are considered costs to fulfill client contracts and are included in deferred costs in the accompanying condensed consolidated balance sheets in the amount of $26.8 million and $24.5 million as of June 30, 2025 and December 31, 2024, respectively.

The Company periodically reviews the carrying amount of deferred costs to determine whether events or changes in circumstances have occurred that could impact the period of benefit. No material impairment losses were recognized in relation to these capitalized costs for the three or six months ended June 30, 2025 and 2024.

Note 6. Accounts Receivable, net and Prepaid expenses and other current assets

Accounts receivable, net includes the following amounts at June 30, 2025 and December 31, 2024:

(in thousands)	June 30, 2025	December 31, 2024
Trade accounts receivable	$ 41,294	$ 32,866
Unbilled receivables	6,979	6,086
Total receivables	48,273	38,952
Allowance for credit losses	(461)	(27)
Reserve for estimated credits	(133)	(186)
Total accounts receivable, net	$ 47,679	$ 38,739

Prepaid expenses and other current assets includes the following amounts at June 30, 2025 and December 31, 2024:

(in thousands)	June 30, 2025	December 31, 2024
Prepaid expenses	$ 16,810	$ 11,798
Other receivables	10,492	1,105
Other current assets	1,109	794
Total prepaid expenses and other current assets	$ 28,411	$ 13,697

Note 7. Accrued Liabilities

Accrued liabilities consisted of the following at June 30, 2025 and December 31, 2024:

(in thousands)	June 30, 2025	December 31, 2024
Bonus accrual	$ 9,398	$ 7,989
Accrued vendor purchases	344	161
Commissions accrual	2,119	1,708
Accrued hosting services	2,164	2,026
Client refund liability	408	443
Accrued consulting and professional fees	1,467	653
Accrued tax liabilities	888	634
ESPP liability	766	757
Self-insurance reserve	1,780	1,516
Other accrued liabilities	11,631	8,633
Total accrued liabilities	$ 30,965	$ 24,520

Note 8. Debt

Amended Credit Facility

On February 27, 2025, the Company entered into a Third Amendment (the "Third Amendment") to the Company's Amended and Restated Credit Agreement dated as of April 29, 2022 (as amended, the "Amended Credit Agreement"), with Silicon Valley Bank, a division of First-Citizens Bank & Trust Company, as administrative agent, and other lenders party thereto. The Third Amendment, among other things, (i) extended the maturity date of the revolving commitment from April 29, 2027 to February 27, 2030, (ii) increased the amount of the revolving loan commitment by $100 million, for a total revolving commitment of $225 million (the "Revolving Facility"), (iii) extended the Financial Covenant Trigger Date (as defined therein) to December 31, 2026 or such earlier date as designated by the Company, (iv) reduced the applicable interest rate margins (1) prior to the Financial Covenant Trigger Date, from SOFR plus 3.00% to 3.50% per annum to SOFR plus 2.75% to 3.25% per annum, based on the Recurring Revenue Leverage Ratio (as defined therein) and (2) on or after the Financial Covenant Trigger Date, from SOFR plus 1.50% to 3.00% per annum to SOFR plus 1.25% to 2.50% per annum, based on the Consolidated Total Net Leverage Ratio (as defined therein), (v) permitted the acquisition of MANTL pursuant to the terms of the Merger Agreement, (vi) permitted certain Permitted Convertible Indebtedness and Permitted Equity Derivative Transactions (as such terms are defined therein), subject to certain restrictions, and (vii) modified certain covenants.

Revolving Facility loans under the Amended Credit Agreement may be voluntarily prepaid and re-borrowed. The Amended Credit Agreement previously provided for a term loan, which was fully repaid in December 2023 and cannot be re-borrowed. The Company had borrowings of $60 million on the Revolving Facility during March 2025, with the proceeds used for the acquisition of MANTL, of which $50 million remained outstanding as of June 30, 2025. The interest rate in effect for the Revolving Facility as of March 31, 2025 was 9.75%. In April 2025, the rate decreased to 7.68%, which remained the effective interest rate as of June 30, 2025. Interest expense related to the outstanding borrowings on the Revolving Facility was $1.2 million and $1.5 million for the three and six months ended June 30, 2025, respectively.

Obligations under the Amended Credit Agreement are guaranteed by the Company's subsidiaries and secured by all or substantially all of the assets of the Company and its subsidiaries pursuant to an Amended and Restated Guarantee and Collateral Agreement. The Company has a standby letter of credit in the amount of $0.3 million, which serves as security under the lease relating to the Company's office space that expires in 2033.

The Amended Credit Agreement contains customary affirmative and negative covenants. Before the Financial Covenant Trigger Date, the following covenants are applicable: (i) an annual recurring revenue growth covenant requiring the loan parties to have recurring revenues in any four consecutive fiscal quarter period in an amount that is at least 10% greater than the recurring revenues for the corresponding four consecutive quarter period in the previous year; and (ii) a liquidity (defined as the aggregate amount of cash in bank accounts subject to a control agreement plus availability under the Revolving Facility) covenant, requiring the loan parties to have liquidity, tested on the last day of each calendar month, of $35.0 million or more. After the Financial Covenant Trigger Date, the existing annual recurring revenue growth and liquidity financial covenants are no longer applicable, and the following covenants take effect: (i) a Consolidated Total Net Leverage Ratio requiring the ratio, as calculated at the last day of such fiscal quarter for the period of 12 consecutive months then ending, to be less than 5.50:1.00; (ii) a Consolidated Interest Coverage Ratio (as defined therein) requiring the ratio, for any fiscal quarter ending as calculated at the last day of such fiscal quarter for the period of 12 consecutive months then ending, to be more than 3.00:1.00; and (iii) a Consolidated Senior Net Leverage Ratio (as defined therein) requiring the ratio, as calculated at the last day of such fiscal quarter for the period of 12 consecutive months then ending, to be less than 3.50:1.00.

The Third Amendment revised the free cash flow covenant, as calculated at the last day of each fiscal quarter for the period of 12 consecutive months then ending, requiring free cash flow to be not less than $(25.0) million for the fiscal quarters ending on or prior to September 30, 2025 and requiring free cash flow to be not less than $0 for the fiscal quarters ending on or after December 31, 2025 and on or prior to September 30, 2026.

The Amended Credit Agreement also contains customary events of default which, if they occur, could result in the termination of commitments under the Amended Credit Agreement, the declaration that all outstanding loans are immediately due and payable in whole or in part, and the requirement to maintain cash collateral deposits in respect of outstanding letters of credit. The Company was in compliance with all covenants as of June 30, 2025.

2030 Convertible Notes

On March 13, 2025, the Company issued $345 million principal amount of 1.50% convertible senior notes due March 15, 2030 (the "2030 Convertible Notes" or "Notes"). The Notes were issued pursuant to, and are governed by, an indenture (the "Indenture"), dated as of March 13, 2025, between the Company and U.S. Bank Trust Company, National Association, as trustee. The 2030 Convertible Notes are the Company's senior, unsecured obligations and bear interest at a rate of 1.50% per year payable semiannually in arrears on March 15 and September 15 of each year, beginning on September 15, 2025. Each $1,000 principal amount of the 2030 Convertible Notes will be convertible into 30.4681 shares of the Company's common stock, which is equivalent to a conversion price of approximately $32.82 per share, subject to adjustment upon the occurrence of specified events. In addition, if certain corporate events that constitute a "Make-Whole Fundamental Change" (as defined in the Indenture) occur, then the conversion rate will, in certain circumstances, be increased for a specified period of time. As the Company issued the 2030 Convertible Notes on March 13, 2025, ASU 2020-06, Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40), Accounting for Convertible Instruments and Contracts in an Entity's Own Equity became effective for the Company on January 1, 2025.

The 2030 Convertible Notes are convertible at the option of the holders of the 2030 Convertible Notes before November 15, 2029, only under the following circumstances: (1) during any calendar quarter (and only during such calendar quarter) commencing after the calendar quarter ending on June 30, 2025, if the last reported sale price per share of the Company's common stock exceeds 130% of the conversion price for each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter; (2) during the five consecutive business days immediately after any 10 consecutive trading day period (such 10 consecutive trading day period, the "measurement period") if the trading price per $1,000 principal amount of the 2030 Convertible Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of our common stock on such trading day and the conversion rate on such trading day; (3) if the Company calls (or is deemed to have called) the 2030 Convertible Notes for redemption; or (4) upon the occurrence of certain corporate events or distributions on the Company's common stock. From and after November 15, 2029, noteholders may convert their Notes at any time at their election, until the close of business on the second scheduled trading day immediately before the maturity date. The Company will settle conversions by paying or delivering, as applicable, cash, shares of its common stock or a combination of cash and shares of its common stock, at the Company's election.

The 2030 Convertible Notes will be redeemable, in whole or in part (subject to certain limitations described below), at the Company's option at any time, and from time to time, on or after March 20, 2028 and on or before the 62nd scheduled trading day immediately before the maturity date, but only if (i) the Notes are "freely tradable" (as defined in the Indenture) as of the date the Company sends the related redemption notice and all accrued and unpaid additional interest, if any, has been paid in full as of the most recent interest payment date occurring on or before the date the Company sends such notice; and (ii) the last reported sale price per share of the Company's common stock exceeds 130% of the conversion price on (1) each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the trading day immediately before the date the Company sends such redemption notice; and (2) the trading day immediately before the date the Company sends such redemption notice. However, the Company may not redeem less than all of the outstanding Notes unless at least $75.0 million aggregate principal amount of Notes are outstanding and not called for redemption as of the time the Company sends the related redemption notice. The redemption price will be a cash amount equal to the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, calling any Note for redemption will constitute a Make-Whole Fundamental Change with respect to that Note, in which case the conversion rate applicable to the conversion of that Note will be increased in certain circumstances if it is converted after it is called for redemption. No sinking fund is provided for the 2030 Convertible Notes, which means the Company is not required to redeem or retire the 2030 Convertible Notes periodically.

If certain corporate events that constitute a "fundamental change" (as defined in the Indenture) occur, then, subject to a limited exception for certain cash mergers, noteholders may require the Company to repurchase their Notes at a cash repurchase price equal to the principal amount of the Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date. The definition of "fundamental change" includes certain business combination transactions involving the Company and certain de-listing events with respect to the Company's common stock.

As of June 30, 2025, the conditions allowing holders of the 2030 Convertible Notes to convert were not met.

The net carrying amount of the 2030 Convertible Notes consisted of the following (in thousands):

(in thousands)	**June 30, 2025**
Principal	$ 345,000
Unamortized debt discount	(8,919)
Unamortized debt issuance costs	(873)
Net carrying amount	$ 335,208

The debt discount and issuance costs are being amortized to interest expense over the term of the 2030 Convertible Notes using the effective interest rate method. The effective interest rate used to amortize the discount and issuance costs of the 2030 Convertible Notes is 2.14%. For the three and six months ended June 30, 2025, interest expense related to the 2030 Convertible Notes consisted of the following (in thousands):

(in thousands)	**Three months ended June 30, 2025**	**Six months ended June 30, 2025**
Contractual interest expense	$ 1,293	$ 1,509
Amortization of debt discount and issuance costs	488	624
Total interest expense	$ 1,781	$ 2,133

As of June 30, 2025, the 2030 Convertible Notes had a principal amount of $345 million and an estimated fair value of $406 million. The estimated fair value of the 2030 Convertible Notes, which are Level 2 financial instruments, was determined based on the quoted bid prices of the 2030 Convertible Notes in an over-the-counter market on the last trading day of the reporting period.

Capped Calls

In connection with the 2030 Convertible Notes, the Company has entered into privately negotiated capped call transactions with certain financial institutions pursuant to capped call confirmations (collectively, the "Capped Calls"). The premiums paid for the purchases of the Capped Calls were approximately $33.9 million. The Capped Calls have an initial strike price of approximately $32.82 per share, subject to certain adjustments substantially similar to those applicable to the corresponding 2030 Convertible Notes. The Capped Calls have an initial cap price of $47.74 per share, subject to certain adjustments.

The Capped Calls are generally expected to reduce potential dilution to the Company's common stock and/or offset any potential cash payments that the Company could be required to make in excess of the principal amount of any converted 2030 Convertible Notes, with such reduction and/or offset subject to a cap.

The Capped Calls are separate transactions and are not part of the terms of the 2030 Convertible Notes. The Capped Calls do not meet the criteria for separate accounting as a derivative as they are indexed to the Company's stock and meet the requirements to be classified in equity and, as such, are not remeasured each reporting period. The premiums paid for the Capped Calls were included as a net reduction to additional paid-in capital within stockholders' equity during the six months ended June 30, 2025.

Note 9. Stockholders' Equity

Equity Compensation Plans

Stock-based compensation expense was included in the condensed consolidated statements of operations as follows:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	**2025**	**2024**	**2025**	**2024**
Cost of revenues	$ 1,706	$ 1,347	$ 4,342	$ 2,525
Research and development	5,424	4,256	10,858	8,254
Sales and marketing	3,550	2,291	6,397	4,322
General and administrative	8,835	7,119	17,920	13,464
Total stock-based compensation expenses	$ 19,515	$ 15,013	$ 39,517	$ 28,565

In connection with the acquisition of MANTL in March 2025, the vesting of certain outstanding unvested equity awards were accelerated and settled in cash, resulting in the Company recognizing $3.9 million of stock-based compensation expense for the six months ended June 30, 2025. See Note 3 for additional information.

Note 10. Income Taxes

The Company recorded an income tax benefit of $4.3 million and $11.6 million for the three and six months ended June 30, 2025, respectively, resulting in an effective tax rate of 24.0% and 35.1%, respectively, compared to income tax expense of $0.2 million and $0.4 million for the three and six months ended June 30, 2024, respectively, resulting in an effective tax rate of (1.5)% and (1.6)%, respectively.

The Company's effective tax rates for the three and six months ended June 30, 2025 and 2024 differ from the statutory tax rate primarily due to the impact of the valuation allowance against its deferred tax assets and state tax expense, offset by a deferred tax benefit attributable to the partial release of the Company's pre-existing valuation allowance related to the MANTL business combination.

The acquisition of MANTL resulted in the recognition of a net deferred tax liability of $3.8 million and $12.6 million for the three and six months ended June 30, 2025, respectively. See Note 3 for further information. Prior to the business combination, MANTL had a full valuation allowance on its net deferred tax assets. The net deferred tax liability generated from the business combination is considered an additional source of income to support the realizability of the Company's pre-existing deferred tax assets. As a result, the Company released a portion of the pre-existing valuation allowance against the deferred tax assets and recorded a provisional deferred tax benefit of $12.0 million.

The Company recognizes deferred tax assets and liabilities based on the estimated future tax effects of temporary differences between the financial statement basis and tax basis of assets and liabilities given the provisions of enacted tax law. Management reviews deferred tax assets to assess their future realization by considering all available evidence, both positive and negative, to determine whether a valuation allowance is needed for all or some portion of the deferred tax assets, using a "more likely than not" standard. The assessment considers, among other matters: historical losses, a forecast of future taxable income, the duration of statutory carryback and carryforward periods, and ongoing prudent and feasible tax planning strategies. As a result, the Company has established a valuation allowance against most of its deferred tax assets as realization is not reasonably assured based upon a "more likely than not" threshold. The Company reassesses the realizability of deferred tax assets regularly, and it will adjust the valuation allowance as sufficient objective positive evidence becomes available.

On July 4, 2025, H.R.1, the One Big Beautiful Bill Act ("OBBBA") was enacted in the United States, which, among other provisions, includes a retroactive repeal of the Tax Cuts and Jobs Act's requirement to amortize Section 174 research and development expenses over five years. Starting with tax years beginning after December 31, 2024, domestic research and development expenses can be fully deducted in the year incurred, however it retains the requirement to amortize foreign research and development expenditures over 15 years. The Company is currently evaluating the impact of OBBBA to our financial statements and disclosures.

Note 11. Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash, cash equivalents, marketable securities, accounts receivable and accounts payable. The carrying values of cash, cash equivalents, accounts receivable and accounts payable approximate their respective fair values due to the short-term nature of these instruments. Cash equivalents include amounts held in money market accounts that are measured at fair value using observable market prices. Marketable securities include debt securities that are measured at fair value using observable inputs.

The Company uses a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1. Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2. Significant other inputs that are directly or indirectly observable in the marketplace.

Level 3. Significant unobservable inputs that are supported by little or no market activity.

The Company evaluates its financial assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level in which to classify them for each reporting period. The following tables summarize the Company's financial assets measured at fair value as of June 30, 2025 and December 31, 2024 and indicate the fair value hierarchy of the valuation:

		Fair Value at Reporting Date Using		
(in thousands)	**June 30, 2025**	**Level 1**	**Level 2**	**Level 3**
Assets:				
Cash equivalents[1]	$ 37,585	$ 37,585	$ —	$ —
Marketable securities:				
Corporate bonds	10,460	—	10,460	—
Commercial paper	973	—	973	—
U.S. Treasury debt securities	22,269	22,269	—	—
International debt securities	984	—	984	—
Total marketable securities	34,686	22,269	12,417	—
Total assets	$ 72,271	$ 59,854	$ 12,417	$ —

[1] Includes insured cash sweep account, cash sweep account, money market account and money market funds that have investments primarily in U.S. Government Agency debt, U.S. Treasury debt, U.S. Treasury Repurchase Agreements, U.S. Government Agency Repurchase Agreements, and corporate bonds that have a maturity of three months or less from the original acquisition date.

		Fair Value at Reporting Date Using		
(in thousands)	**December 31, 2024**	**Level 1**	**Level 2**	**Level 3**
Assets:				
Cash equivalents[1]	$ 62,434	$ 62,434	$ —	$ —
Marketable securities:				
Corporate bonds	4,368	—	4,368	—
Commercial paper	1,580	—	1,580	—
U.S. Treasury debt securities	15,427	15,427	—	—
Total marketable securities	21,375	15,427	5,948	—
Total Assets	$ 83,809	$ 77,861	$ 5,948	$ —

[1] Includes insured cash sweep account, cash sweep account, money market account and money market funds that have investments primarily in U.S. Government Agency debt, U.S. Treasury debt, U.S. Treasury Repurchase Agreements, U.S. Government Agency Repurchase Agreements, and corporate bonds that have a maturity of three months or less from the original acquisition date.

Note 12. Earnings Per Share

Basic net loss per share attributable to common stockholders is computed by dividing net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding for the period.

Because the Company has reported a net loss for the three and six months ended June 30, 2025 and 2024, the number of shares used to calculate diluted net loss per share attributable to common stockholders is the same as the number of shares used to calculate basic net loss per share attributable to common stockholders for the period presented because the potentially dilutive shares would have been anti-dilutive if included in the calculation.

In connection with the offering of the 2030 Convertible Notes, the Company entered into Capped Calls that are intended to reduce or offset the potential dilution from shares of common stock issued upon conversion. The impact of the Capped Calls is not included when calculating potentially dilutive shares since their effect is anti-dilutive.

The computation of basic and diluted net loss per share attributable to common stockholders is as follows for the three and six months ended June 30, 2025 and 2024:

	Three months ended June 30,		Six months ended June 30,	
(in thousands, except shares and per share amounts)	2025	2024	2025	2024
Net loss	$ (13,591)	$ (12,317)	$ (21,407)	$ (23,750)
Weighted-average shares of common stock outstanding - basic and diluted	103,389,459	98,103,527	102,912,715	97,524,379
Net loss per common share - basic and diluted	$ (0.13)	$ (0.13)	$ (0.21)	$ (0.24)

The following potential shares of common stock were excluded from diluted net loss per share as the Company had a net loss in each of the periods presented:

	As of June 30,	
	2025	2024
Stock options	983,034	2,860,009
Restricted Stock Units	7,491,398	7,347,640
ESPP	29,488	28,748
2030 Convertible Notes	10,511,495	—
Total anti-dilutive common share equivalents	19,015,415	10,236,397

Note 13. Commitments and Contingencies

Legal Proceedings

The Company may become party to various legal actions during the ordinary course of business. Defending such proceedings is costly and can impose a significant burden on management and employees, it may receive unfavorable preliminary or interim rulings during litigation, and there can be no assurances that favorable final outcomes will be obtained. In addition, the Company's industry is characterized by the existence of a large number of patents, copyrights, trademarks, trade secrets and other intellectual property and proprietary rights. Companies in our industry are often required to defend against litigation claims based on allegations of infringement or other violations of intellectual property rights. Furthermore, client agreements typically require the Company to indemnify clients against liabilities incurred in connection with claims alleging its solutions infringe the intellectual property rights of a third party. From time to time, the Company has been involved in disputes related to patent and other intellectual property rights of third parties, none of which has resulted in material liabilities. The Company expects these types of disputes may continue to arise in the future. Based upon present information, the Company believes that its liability, if any, arising from such pending legal proceedings, asserted legal claims and known potential legal claims, which are likely to be asserted, is not reasonably likely to be material to the Company's financial position, results of operations, or cash flows, taking into account established accruals for estimated liabilities.

Note 14. Leases

On September 5, 2023, the Company entered into an amendment to its office lease, which, among other things, reduces the leased space in Plano, Texas from approximately 125,468 square feet to 83,939 square feet, effective December 31, 2023, and also extended the term for the remaining reduced leased space to August 31, 2033.

Operating lease expense consisted of:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	2025	2024	2025	2024
Operating lease expense	$ 671	$ 674	$ 1,343	$ 1,343
Short-term lease expense and other [(1)]	351	129	526	432
Total lease expense	$ 1,022	$ 803	$ 1,869	$ 1,775

[(1)] Other lease expense includes variable lease expense.

Supplemental Cash Flow Information

Cash flow information (in thousands)	Six months ended June 30, 2025	2024
Cash paid for operating lease liabilities	$ 1,393	$ 1,324

The future maturities of operating lease liabilities are as follows:

(in thousands)	June 30, 2025
2025 (six months remaining)	$ 1,457
2026	2,843
2027	2,636
2028	2,777
2029	3,067
Thereafter	11,912
Total minimum lease payments	24,692
Less: present value discount	(6,595)
Total lease liability balance	$ 18,097

Note 15. Goodwill and Other Intangibles

Goodwill and intangible assets deemed to have an indefinite life are not amortized, but are reviewed annually for impairment of value or when indicators of a potential impairment are present. As part of the Company's business planning cycle, the Company performs an annual goodwill impairment test in the fourth quarter of the fiscal year. There were no indications of impairment of goodwill noted as of June 30, 2025. In March 2025, the Company recorded $252.1 million to goodwill related to the acquisition of MANTL under the preliminary purchase price allocation. For the three months ended June 30, 2025, the Company adjusted goodwill related to the acquisition of MANTL to $255.8 million. See Note 3 for further information. Goodwill has a carrying value of $403.8 million and $148.1 million as of June 30, 2025 and December 31, 2024, respectively.

Total intangibles assets consisted of the following as of June 30, 2025 and December 31, 2024:

	As of June 30, 2025		
(in thousands)	Carrying Value	Accumulated Amortization	Net Carrying Value
Finite-lived:			
Customer Relationships	$ 92,800	$ (6,220)	$ 86,580
Developed Technology	99,200	(19,637)	79,563
Tradenames	6,450	(436)	6,014
Total amortizable intangible assets	198,450	(26,293)	172,157
Website domain name (Indefinite-lived)	25	—	25
Total intangible assets	$ 198,475	$ (26,293)	$ 172,182

	As of December 31, 2024		
(in thousands)	Carrying Value	Accumulated Amortization	Net Carrying Value
Finite-lived:			
Customer Relationships	$ 20,470	$ (4,185)	$ 16,285
Developed Technology	27,700	(15,502)	12,198
Tradenames	750	(237)	513
Total amortizable intangible assets	48,920	(19,924)	28,996
Website domain name (Indefinite-lived)	25	—	25
Total intangible assets	$ 48,945	$ (19,924)	$ 29,021

Amortization expense recognized on intangible assets was $6.6 million and $9.0 million for the three and six months ended June 30, 2025, respectively, and $1.7 million and $3.4 million for the three and six months ended June 30, 2024, respectively.

In March 2025, due to the acquisition of MANTL, the Company assessed all of the assets of MK Decisioning Systems, LLC for potential impairment and determined that $1.2 million of developed technology intangible assets, $0.1 million of customer relationship intangible assets, as well as $0.4 million of capitalized software development costs included in property and equipment, net, would not have future economic benefit and the value of the intangible assets was written off, resulting in a loss on impairment of $1.7 million. This non-cash charge was recorded to loss on impairment of intangible assets and is included in the condensed consolidated statements of operations for the six months ended June 30, 2025. No impairment was identified for goodwill or any other assets.

The following table shows the estimated annual amortization expense of the definite-lived intangible assets for the next five years and thereafter (in thousands):

2025 (six months remaining)	13,240
2026	26,478
2027	23,614
2028	21,887
2029	21,887
Thereafter	65,051
	$ 172,157

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q and in our other filings with the Securities and Exchange Commission ("SEC"), including the audited consolidated financial statements and the accompanying notes for the fiscal year ended December 31, 2024, which are included in our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 28, 2025.

Unless the context otherwise requires, all references in this report to the "Company," "Alkami," "we," "us" and "our" refer to Alkami Technology, Inc., a Delaware corporation, and its consolidated subsidiaries taken as a whole.

Cautionary Note Regarding Forward-Looking Statements

Any statements made in this Quarterly Report on Form 10-Q that are not statements of historical fact, including statements about our beliefs and expectations, are forward-looking statements and should be evaluated as such. Forward-looking statements include information concerning possible or assumed future results of operations, including descriptions of our business plan and strategies. These statements often include words such as "anticipates," "commits," "expects," "suggests," "plans," "believes," "intends," "estimates," "targets," "projects," "seeks," "should," "can," "could," "would," "may," "will," "forecasts" "strategy," "future," "likely" or the negative of these terms or other similar expressions. We base these forward-looking statements on our current expectations, plans and assumptions that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances at such time. Forward-looking statements are not guarantees of future performance or results and are subject to and involve risks, uncertainties and assumptions. Although we believe that these forward-looking statements are based on reasonable assumptions at the time they are made, you should be aware that many factors could affect our actual results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements. The following important factors, along with the factors discussed in "Risk Factors" in the Annual Report on Form 10-K, may materially affect such forward-looking statements:

- managing our rapid growth;
- attracting new clients and retaining and broadening our existing clients' use of our solutions;
- maintaining, protecting and enhancing our brand;
- predicting the long-term rate of client subscription renewals or adoption of our solutions;
- the unpredictable and time-consuming nature of our sales cycles;
- integration with and reliance on third-party software, content and services;
- integrating our solutions with other systems used by our clients;
- satisfying our clients and meeting their digital banking needs;
- our dependence on the data centers operated by third parties and third-party internet hosting providers;
- defects, errors or other performance problems associated with our solutions;
- retaining our management team and key employees and recruiting and retaining new employees;
- managing the increased complexity of our clients' integration and functionality requirements;
- shifts in the number of account holders and registered users of our solutions, their use of our solutions and our clients' implementation and client support needs;
- acquiring or investing in other companies or pursuing business partnerships;
- natural or man-made disasters;
- use and reliance upon technology and development resources in India;
- environmental and social matters;
- cybersecurity breaches or other compromises of our security measures or those of third parties upon which we rely;
- privacy and data security concerns, laws, regulations and standards and our processing and use of the PI of end users;
- intense competition in the markets we serve;
- reliance on the financial services industry as the source of our revenue in the event of any downturn, consolidation or decrease in technological spend in such industry;
- evolving technological requirements and changes and additions to our solution offerings;
- reliance on the development of the market for digital banking solutions;
- regulations and laws applicable to us, our clients and our solutions, including the impact of tariff and trade policies on us and our clients;
- protecting our intellectual property rights and defending ourselves against claims that we are misappropriating the intellectual property rights of others;
- using open-source software in our solutions or risks resulting in the disclosure of our proprietary source code to our clients;
- complying with license or technology agreements with third parties and our ability to enter into additional license or technology agreements on reasonable terms;
- litigation or threats of litigation;
- the fluctuation of our quarterly and annual results of operations relative to our expectations and guidance;
- the way we recognize revenue, beginning from the live use of the service, which causes changes in client subscriptions to not be immediately apparent in our reported operating results;
- our limited operating history, our history of operating losses and our ability to use our net operating loss carryforwards;
- risks from our indebtedness and liabilities;
- our ability to raise sufficient capital and the resulting dilution and the terms of our Amended Credit Agreement (as defined below);
- our ability to raise necessary funds to repurchase the 2030 Convertible Notes (as defined below) or to pay any cash amounts due upon their maturity or conversion;
- counterparty risk with respect to the Capped Calls (as defined below);
- unanticipated changes in tax laws or regulations;
- loss of emerging growth company status;

- future strategic initiatives, including acquisitions of businesses and strategic investments;
- future sales of shares of our common stock, our lack of an intention to pay dividends and significant influence of our principal stockholders; and
- anti-takeover and exclusive forum provisions in our governing documents.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

Overview

Alkami is a cloud-based digital banking solutions provider. We inspire and empower community, regional and super-regional financial institutions ("FIs") to compete with large, technologically advanced and well-resourced banks in the United States. Our solution, the Alkami Digital Banking Platform, allows FIs to onboard and engage new users, accelerate revenues and meaningfully improve operational efficiency, all with the support of a proprietary, true cloud-based, multi-tenant architecture. We cultivate deep relationships with our clients through long-term, subscription-based contractual arrangements, aligning our growth with our clients' success and generating an attractive unit economic model.

Alkami was founded to help level the playing field for FIs. Since then, our vision has been to create a platform that combines premium technology and fintech solutions in one integrated ecosystem, delivered as a software-as-a-service ("SaaS") solution and providing our clients' customers with a single point of access to all things digital. We have invested significant resources to build a technology stack that prioritized innovation velocity and speed-to-market given the importance of product depth and functionality in winning and retaining clients. In October 2020, we acquired ACH Alert, LLC ("ACH Alert") to pursue adjacent product opportunities, such as fraud prevention and to expand our addressable market. In September 2021, we acquired MK Decisioning Systems, LLC ("MK"), a technology platform for onboarding and account opening, credit card and loan origination solutions. In April 2022, we acquired Segmint, Inc. ("Segmint"), a leading cloud-based financial data analytics and transaction data cleansing provider. In March 2025, we acquired Fin Technologies, Inc., dba MANTL ("MANTL"), an onboarding and account opening solutions provider that allow financial institutions to acquire commercial, business and retail customers through a variety of channels for many deposit account types.

During 2024, we established a new subsidiary in India to support potential future operational needs. As of June 30, 2025, this entity had immaterial operations and did not have a significant impact on our consolidated financial results. We will continue to assess the impact of this entity as operations evolve.

Our domain expertise in retail and business banking has enabled us to develop a suite of products tailored to address key challenges faced by FIs. Due to our architecture, adding products through our single code base is fast, simple and cost-effective. The key differentiators of the Alkami Digital Banking Platform include:

- ***User experience:*** Personalized and seamless digital experience across user interaction points, including desktop, mobile, chat and SMS, establishing durable connections between FIs and their customers.

- ***Integrations***: Scalability and extensibility driven by more than 300 real-time integrations to back-office systems and third-party fintech solutions as of June 30, 2025, including core systems, payment cards, mortgages, bill pay, electronic documents, money movement, personal financial management and account opening.

- ***Deep data capabilities***: Data synchronized and stored from back-office systems and third-party fintech solutions and synthesized into meaningful insights, targeted content, and other areas of monetization.

The Alkami Digital Banking Platform offers an end-to-end set of digital banking products. Our typical relationship with an FI begins with a set of core functional components, which can extend over time to include a rounded suite of products across account opening, marketing, data insights, card experience, money movement, customer service, business banking, financial wellness, security and fraud protection and extensibility.

We primarily go to market through an internal sales force. Given the long-term nature of our Alkami Digital Banking Platform contracts, a typical sales cycle can range from approximately three to 12 months, with the subsequent implementation timeframe generally ranging from six to 12 months depending on the depth of integration.

We derive our Alkami Digital Banking Platform revenues almost entirely from multi-year contracts that are based on an average contract life of approximately 70 months as of June 30, 2025. We predominantly employ a per-registered-user pricing model, with incremental fees above certain contractual client minimum commitments for each licensed solution. In these cases, our pricing is tiered, with per-registered-user discounts applied as clients achieve higher levels of customer penetration, incentivizing our clients to internally market and promote digital engagement.

To support our growth and capitalize on our market opportunity, we have increased our operating expenses across all aspects of our business. In research and development, we continue to focus on innovation and bringing novel capabilities to our platform, extending our product depth. Similarly, we continue to expand our sales and marketing organization focusing on new client wins, cross-selling opportunities and client renewals.

For the three months ended June 30, 2025 and 2024, our total revenues were $112.1 million and $82.2 million, respectively, representing a 36.4% increase period-over-period. For the six months ended June 30, 2025 and 2024, our total revenues were $209.9 million and $158.3 million, respectively, representing an increase of 32.6% period-over-period. SaaS subscription revenues, as further described below, represented 94.5% and

94.7% of total revenues for the three and six months ended June 30, 2025, respectively, and 95.4% and 95.6% of total revenues for the three and six months ended June 30, 2024, respectively. We incurred net losses of $13.6 million and $21.4 million for the three and six months ended June 30, 2025, respectively, and net losses of $12.3 million and $23.8 million for the three and six months ended June 30, 2024, respectively, largely on the basis of significant continued investment in sales, marketing, product development and post-sales client activities.

Recent Developments

Merger with MANTL. On March 17, 2025, the Company consummated its previously announced merger with MANTL, pursuant to an Agreement and Plan of Merger (the "Merger Agreement"), dated February 27, 2025, with MANTL surviving as a wholly owned subsidiary of the Company. MANTL provides onboarding and account opening solutions that allow financial institutions to acquire commercial, business and retail customers through a variety of channels for many deposit account types. The aggregate consideration paid in exchange for all of the outstanding equity interests of MANTL was approximately $375 million, net of cash acquired. Approximately $9.1 million of the consideration was placed into escrow to secure certain post-closing indemnification obligations in the Merger Agreement. See Note 3 to the Notes to the Unaudited Condensed Consolidated Financial Statements for additional details.

Third Amendment to Amended and Restated Credit Agreement. In connection with the acquisition of MANTL, on February 27, 2025, the Company entered into a Third Amendment (the "Third Amendment") to its Amended and Restated Credit Agreement dated as of April 29, 2022 (as amended, the "Amended Credit Agreement"), which, among other things, extended the maturity date of the Revolving Facility, increased the amount of the Revolving Facility commitment, extended the Financial Covenant Trigger Date (as defined therein), reduced the applicable interest rate margins, permitted the acquisition of MANTL pursuant to the terms of the Merger Agreement, permitted certain convertible indebtedness and equity derivative transactions, subject to certain restrictions, and modified certain covenants. See Note 8 to the Notes to the Unaudited Condensed Consolidated Financial Statements for additional information.

Issuance of Convertible Senior Notes. On March 13, 2025, the Company issued $345 million principal amount of its 1.50% Convertible Senior Notes due 2030 (the "2030 Convertible Notes" or "Notes"). The Notes were issued pursuant to, and are governed by, an indenture (the "Indenture"), dated as of March 13, 2025, between the Company and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). Pursuant to the purchase agreement between the Company and the representatives of the initial purchasers of the Notes, the Company granted the initial purchasers an option to purchase, for settlement within a period of 13 days from, and including, the date the Notes are first issued, up to an additional $45 million principal amount of Notes. The Notes issued on March 13, 2025 include $45 million principal amount of Notes issued pursuant to the full exercise by the initial purchasers of such option. See Note 8 to the Notes to the Unaudited Condensed Consolidated Financial Statements.

Factors Affecting our Operating Results

Growing our FI Client Base. A key part of our strategy is to grow our FI client base. As of June 30, 2025, we served 280 FIs through the Alkami Digital Banking Platform and more than 900 clients when including unique clients only subscribing to one or a combination of ACH Alert, Segmint, or MANTL products. Each of our digital banking client wins is a competitive takeaway, and as such, our historical ability to grow our client base has been a function of product depth, technological excellence and a sales and marketing function able to match our solutions with the strategic objectives of our clients. Our future success will significantly depend on our ability to continue to grow our FI client base through competitive wins.

Deepening Client Customer Penetration. We primarily generate revenues through a per-registered-user pricing model. Once we onboard a client, our ability to help drive incremental client customer digital adoption translates to additional revenues with very limited additional spend. Our FI clients are incentivized to market and encourage digital account sign-up based on identifiable improvement in customer engagement, as well as discounts received based on certain levels of customer penetration. We expect to continue to support digital adoption by client customers through continued investments in new products and platform enhancements. Our future success will depend on our ability to continue to deepen client customer penetration.

Expanding our Product Suite. Product depth is a key determinant in winning new clients. In a replacement market, we win based on our ability to bring a product suite to market that is superior to the incumbent, as well as to our broader competition. Of equal importance is the ability to cohesively deliver a deep product suite with as little friction as possible to the client customer. The depth of our product suite is a function of technology and platform partnerships. Our platform model with more than 300 integrations as of June 30, 2025 enables us to deliver thousands of configurations aligned with the digital platform strategies adopted by our clients. We expect our future success in winning new clients to be partially driven by our ability to continue to develop and deliver new, innovative products to FI clients in a timely manner. Furthermore, expanding our product suite expands our Revenue per Registered User ("RPU") potential. For additional information regarding RPU, see "Key Business Metrics."

Client Renewals. Our model and the stability of our revenue base is, in part, driven by our ability to renew our clients. In addition to extending existing relationships, renewals provide an opportunity to grow minimum contract value, as over the course of a contract term our clients often grow, or their needs evolve. Client renewals are also an important lever in driving our long-term gross margin targets, as we generally achieve approximately 70% gross margin upon renewal. We had 6 and 10 client renewals for the three and six months ended June 30, 2025, respectively. We expect client renewals to continue to play a key role in our future success.

Continued Leadership in Innovation. Our ability to maintain a differentiated platform and offering is dependent upon our pace of innovation. Our single code base, built on a multi-tenant infrastructure and combined with continuous software delivery enables us to bring new, innovative products to market quickly and positions us with what we believe is market-leading breadth in terms of product offerings and feature sets. We remain committed to investing in our platform, notably through our research and development spend, which was 27.0% and 27.2% of our revenues for the three and six months ended June 30, 2025, respectively. Our future success will depend on our continued leadership in innovation.

Components of Results of Operations

Revenues

Our client relationships are predominantly based on multi-year contracts for the Alkami Digital Banking Platform that have had an average contract life of approximately 70 months as of June 30, 2025. We derive the majority of our revenues from SaaS subscription services charged for the use of our digital banking solution. Subscription services are recognized over time on a ratable basis over the client agreement term beginning on the date our solution is made available to our client. The promised consideration may include fixed or variable amounts and termination fees for clients leaving our digital banking platform. For our clients with enterprise license contracts, they are invoiced on an agreed upon monthly rate throughout the contract term, which may include fixed monthly or annual rate escalations. Fixed dollar or percentage escalations that are not based on registered users are considered part of the fixed transaction price and recognized on a straight-line basis over the SaaS subscription period evenly. The majority of our client contracts are based on registered users, which we invoice monthly a contractual minimum fee for each licensed solution. In addition, we invoice monthly an additional subscription fee for the number of registered users using each solution and the number of bill-pay and certain other transactions those registered users conduct through our digital banking platform in excess of their contractual client minimum commitments. Our pricing is tiered, with per-registered-user discounts applied as clients achieve higher levels of customer penetration, incentivizing our clients to internally market our products and promote digital engagement. Variable consideration earned for subscription fees in excess of contractual minimums is recognized as revenues in the month of actual usage. SaaS subscription services also include annual and monthly charges for maintenance and support services, which are recognized on a straight-line basis over the contract term.

We receive implementation and other upfront fees for the implementation, configuration and integration of our digital banking platform. We typically invoice these services as a fixed price per contract. These fees are not distinct from the underlying licensed SaaS subscription services. As a result, we recognize the resulting revenues on a straight-line basis over the client's initial agreement term for our licensed SaaS solutions, commencing upon launch.

Occasionally, our clients request custom development and other professional services, which we provide. These are generally one-time requests and involve unique, non-standard features, functions, conversions, or integrations that are intended to enhance or modify their licensed SaaS solutions. We recognize revenues at the point in time the services are transferred to the client.

The following table disaggregates our revenues for the three and six months ended June 30, 2025 and 2024 by major source:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	**2025**	**2024**	**2025**	**2024**
SaaS subscription services	$ 105,859	$ 78,371	$ 198,667	$ 151,383
Implementation services	3,244	2,110	5,516	3,958
Other services	2,956	1,679	5,711	2,946
Total revenues	$ 112,059	$ 82,160	$ 209,894	$ 158,287

See Note 5 of the Notes to the Unaudited Condensed Consolidated Financial Statements for additional detail.

Cost of Revenues and Gross Margin

Cost of revenues is comprised primarily of salaries and other personnel-related costs, including employee benefits, bonuses, stock-based compensation, travel and related costs for employees supporting our SaaS subscription, implementation and other services. This includes the costs of our implementation, client support and development personnel responsible for maintaining and releasing updates to our platform, as well as third-party cloud-based hosting services. Cost of revenues also includes the direct costs of bill-pay services and other third-party intellectual property included in our solutions, depreciation, and the amortization of acquired technology.

We capitalize certain personnel costs directly related to the implementation of our solutions to the extent those costs are recoverable from future revenues. We amortize the costs for an implementation once revenue recognition commences. The amortization period is typically five to seven years, which represents the expected period of client benefit. Other costs not directly recoverable from future revenues are expensed in the period incurred.

We intend to continue to increase our investments in our implementation, client support teams and technology infrastructure to serve our clients and support our growth. We expect cost of revenues to continue to grow in absolute dollars as we grow our business, but to vary as a percentage of revenues from period to period as a function of the utilization of implementation and support personnel and the extent to which we recognize fees from bill-pay services and other third-party functionality integrated into our solutions. Our gross margin for the three and six months ended June 30, 2025 was 58.6% and 58.8%, respectively, and 59.4% and 58.6% for the three and six months ended June 30, 2024, respectively.

The major components of cost of revenues are represented in the following table as percentages of revenues for the three and six months ended June 30, 2025 and 2024, respectively:

	Three months ended June 30,		Six months ended June 30,	
(Cost component as a % of revenue)	**2025**	**2024**	**2025**	**2024**
Third-party hosting services	4.7 %	5.9 %	4.9 %	6.2 %
Direct costs of bill-pay and other third-party intellectual property	18.3 %	17.5 %	18.3 %	18.0 %
Implementation and client support teams	8.9 %	9.7 %	9.1 %	9.6 %
Development team (maintenance and updates)	3.0 %	3.6 %	2.9 %	3.8 %
Amortization	5.0 %	2.2 %	3.9 %	2.2 %
Stock-based compensation	1.5 %	1.6 %	2.1 %	1.6 %

Operating Expenses

Research and Development. Research and development costs consist primarily of personnel-related costs for our engineering, information technology and product employees, including salaries, bonuses, other incentive-related compensation, employee benefits and stock-based compensation. In addition, we also include third-party contractor expenses, software development and testing tools, allocated corporate expenses and other expenses related to developing new solutions and upgrading and enhancing existing solutions. We expect research and development costs to increase as we expand our platform with new features and functionality, as well as enhance the existing Alkami Digital Banking Platform.

Sales and Marketing. Sales and marketing expenses consist primarily of personnel-related costs of our sales, marketing and our client success employees, including salaries, bonuses, commissions, other incentive-related compensation, employee benefits and stock-based compensation. Sales and marketing expenses also include travel and related costs, outside consulting fees and marketing programs, including lead generation, costs of our annual client conference, advertising, trade shows and other event expenses. We expect sales and marketing expenses will continue to increase as we expand our direct sales teams to pursue our market opportunity.

General and Administrative. General and administrative expenses consist primarily of personnel-related costs for our executive, finance, legal, human resources, information technology, security and compliance and other administrative employees, including salaries, bonuses, commissions, other incentive-related compensation, employee benefits and stock-based compensation. General and administrative expenses also include accounting, auditing and legal professional services fees, secondary offering costs, travel and other unallocated corporate-related expenses, such as the cost of our facilities, employee relations, corporate telecommunication and software. We expect that general and administrative expenses will continue to increase as we scale our business and as we incur costs associated with being a publicly traded company, including legal, audit, business insurance and consulting fees.

Acquisition-Related Expenses. Acquisition-related expenses are primarily related to legal, consulting and professional fees.

Amortization of Acquired Intangibles. Amortization of acquired intangibles represents the amortization of intangible assets recorded in connection with our business acquisitions, which are amortized on a straight-line basis over the estimated useful lives of the related assets.

Loss on Impairment of Intangible Assets. Loss on impairment of intangible assets related to the impact of the acquisition of MANTL to certain historical developed technology, customer relationships and capitalized developed software assets.

Non-operating Income (Expense)

Non-operating income (expense) consists primarily of interest income from our cash balances, interest expense from borrowings under our Revolving Facility (as defined below) and 2030 Convertible Notes, amortization of debt discount and deferred debt costs, unrealized gains or losses on marketable securities and realized gains on sales of marketable securities.

(Benefit from) Provision for Income Taxes

Our effective tax rate differs from the statutory tax rate primarily due to the impact of the valuation allowance against our deferred tax assets and state tax expense. As a result of our valuation allowance, benefit from income taxes consists primarily of state income taxes and deferred taxes related to the tax amortization of acquired goodwill, offset by a deferred tax benefit attributable to the partial release of the Company's pre-existing valuation allowance related to the MANTL business combination. See Notes 3 and 10 of the Notes to the Unaudited Condensed Consolidated Financial Statements for further information.

Results of Operations

The results of operations presented below should be reviewed in conjunction with the condensed consolidated financial statements and notes included elsewhere in this filing. The financial results of MANTL, for the period of March 18, 2025 through June 30, 2025, are included in the Company's condensed consolidated financial statements and notes. The following table presents our selected condensed consolidated statements of operations data for the three and six months ended June 30, 2025 and 2024.

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	**2025**	**2024**	**2025**	**2024**
Revenues	$ 112,059	$ 82,160	$ 209,894	$ 158,287
Cost of revenues [1] [2]	46,441	33,389	86,516	65,484
Gross profit	65,618	48,771	123,378	92,803
Operating expenses [2]:				
Research and development	30,231	23,909	57,116	46,729
Sales and marketing	22,991	16,964	40,890	30,807
General and administrative	26,039	20,612	49,810	39,927
Acquisition-related expenses	513	135	2,891	195
Amortization of acquired intangibles	1,707	358	2,275	717
Loss on impairment of intangible assets	—	—	1,655	—
Total operating expenses	81,481	61,978	154,637	118,375
Loss from operations	(15,863)	(13,207)	(31,259)	(25,572)
Non-operating income (expense):				
Interest income	1,164	1,261	2,260	2,343
Interest expense	(3,188)	(74)	(3,989)	(147)
Loss on financial instruments	—	(112)	—	—
Loss before income taxes	(17,887)	(12,132)	(32,988)	(23,376)
(Benefit from) provision for income taxes	(4,296)	185	(11,581)	374
Net loss	$ (13,591)	$ (12,317)	$ (21,407)	$ (23,750)

[1] Includes amortization of acquired technology of $4.9 million and $1.4 million for the three months ended June 30, 2025 and 2024, respectively, and $6.8 million and $2.7 million for the six months ended June 30, 2025 and 2024, respectively.
[2] Includes stock-based compensation expenses as follows:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	**2025**	**2024**	**2025**	**2024**
Cost of revenues	$ 1,706	$ 1,347	$ 4,342	$ 2,525
Research and development	5,424	4,256	10,858	8,254
Sales and marketing	3,550	2,291	6,397	4,322
General and administrative	8,835	7,119	17,920	13,464
Total stock-based compensation expenses	$ 19,515	$ 15,013	$ 39,517	$ 28,565

The following table presents our reconciliation of GAAP net loss to adjusted EBITDA for the periods indicated.

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	**2025**	**2024**	**2025**	**2024**
Net loss	$ (13,591)	$ (12,317)	$ (21,407)	$ (23,750)
(Benefit from) provision for income taxes	(4,296)	185	(11,581)	374
Loss on financial instruments	—	112	—	—
Interest expense (income), net	2,024	(1,187)	1,729	(2,196)
Depreciation and amortization	7,756	2,613	11,186	5,175
Stock-based compensation expense	19,515	15,013	39,517	28,565
Acquisition-related expenses	513	135	2,891	195
Loss on impairment of intangible assets	—	—	1,655	—
Adjusted EBITDA [1]	$ 11,921	$ 4,554	$ 23,990	$ 8,363

[1] Adjusted EBITDA is a non-GAAP financial measure and should not be considered an alternative to GAAP net loss as a measure of operating performance or as a measure of liquidity. For additional information regarding adjusted EBITDA, see "Key Business Metrics."

Key Business Metrics

Adjusted EBITDA. Adjusted EBITDA is a non-GAAP financial measure and should not be considered an alternative to GAAP net loss as a measure of operating performance or as a measure of liquidity. We define adjusted EBITDA as net loss before (benefit from) provision for income taxes; loss on financial instruments; interest expense (income), net; depreciation and amortization; stock-based compensation expense; acquisition-related expenses; and loss on impairment of intangible assets. We believe adjusted EBITDA provides investors and other users of our financial information consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations.

Annual Recurring Revenue (ARR). We calculate ARR by aggregating annualized recurring revenue related to SaaS subscription services recognized in the last month of the reporting period, as well as the next 12 months of expected implementation services revenues in the last month of the reporting period. We believe ARR provides important information about our future revenue potential, our ability to acquire new clients, and our ability to maintain and expand our relationship with existing clients.

Registered Users. We define a registered user as an individual or business related to an account holder of an FI client on our digital banking platform and has access as of the last day of the reporting period presented. We exclude individuals or businesses that solely use the products and services of our acquisitions. We price our digital banking platform based on the number of registered users, so as the number of registered users of our digital banking platform increases, our ARR grows. We believe growth in the number of registered users provides important information about our ability to expand market adoption of our digital banking platform and its associated software products, and therefore to grow revenues over time.

Revenue per Registered User (RPU). We calculate RPU by dividing ARR as of the last day of the reporting period by the number of registered users as of the last day of the reporting period. We believe RPU provides important information about our ability to grow the number of software products adopted by new clients over time, as well as our ability to expand the number of software products that our existing clients add to their contracts with us over time.

Comparison of Three and Six Months ended June 30, 2025 and 2024

Revenues

	Three months ended June 30,		Change		Six months ended June 30,		Change	
(in thousands)	2025	2024	$	%	2025	2024	$	%
Revenues	$ 112,059	$ 82,160	$ 29,899	36.4 %	$ 209,894	$ 158,287	$ 51,607	32.6 %

	June 30,			
	2025	2024		
Annual Recurring Revenue (ARR)	$ 423,763	$ 321,284	$ 102,479	31.9 %
Registered Users	20,891	18,584	2,307	12.4 %
Revenue per Registered User (RPU)	$ 20.28	$ 17.29	$ 2.99	17.3 %

Revenues increased $29.9 million, or 36.4%, and $51.6 million, or 32.6%, for the three and six months ended June 30, 2025, respectively, compared to the same periods in 2024.

The increase of $29.9 million in revenues for the three months ended June 30, 2025 was primarily due to user growth on our digital banking platform from both existing client digital user growth and new client implementations, selling additional solutions to existing clients resulting in increased RPU, and higher termination fees from customers leaving our digital banking platform due to mergers and acquisitions. The revenue contribution from the MANTL acquisition was $10.3 million for the three months ended June 30, 2025.

The increase of $51.6 million for the six months ended June 30, 2025 was primarily due to user growth on our digital banking platform from both existing client digital user growth and new client implementations, selling additional solutions to existing clients resulting in increased RPU, and higher termination fees from customers leaving our digital banking platform due to mergers and acquisitions. Our existing clients added 1.5 million digital users and we implemented 31 new clients onto our platform representing 1.2 million digital users. In addition, the revenue contribution from the MANTL acquisition was $11.7 million for the six months ended June 30, 2025.

Cost of Revenues

	Three months ended June 30,		Change		Six months ended June 30,		Change	
(in thousands)	2025	2024	$	%	2025	2024	$	%
Cost of revenues	$ 46,441	$ 33,389	$ 13,052	39.1%	$ 86,516	$ 65,484	$ 21,032	32.1%
Percentage of revenues	41.4 %	40.6 %	0.8%	2.0%	41.2 %	41.4 %	(0.2)%	(0.5)%

Cost of revenues increased $13.1 million, or 39.1%, and $21.0 million, or 32.1%, for the three and six months ended June 30, 2025, respectively compared to the same period in 2024. Gross margin for the three months ended June 30, 2025 and 2024 was 58.6% and 59.4%, respectively. The driver for the decrease in gross margin for the three months ended June 30, 2025 compared to the same period in 2024 is primarily related to the increased amortization of intangibles included in cost of revenues due to the acquisition of MANTL. For the six months ended June 30, 2025, our revenue growth outpaced our cost of revenues growth, leading to an improved gross margin of 58.8% compared to a gross margin of 58.6% for the same period in 2024.

The increase in cost of revenues for the three months ended June 30, 2025, was primarily driven by $6.1 million in higher costs of our third-party partners where we resell their solutions as part of the digital platform, a $3.6 million increase in amortization of intangible assets, primarily related to the acquisition of MANTL, a $2.5 million increase in personnel-related costs (which includes stock-based compensation of $0.4 million), $0.5 million in higher hosting costs, and net other miscellaneous costs of $0.4 million.

The increase in cost of revenues for the six months ended June 30, 2025, was primarily driven by $9.9 million in higher costs of our third-party partners where we resell their solutions as part of the digital platform, a $5.6 million increase in personnel-related costs (which includes stock-based compensation of $1.8 million, of which $1.0 million was related to certain unvested equity awards settled in cash in conjunction with the acquisition of MANTL), a $4.1 million increase in amortization of intangible assets, primarily related to the acquisition of MANTL, $0.6 million in higher hosting costs, and net other miscellaneous costs of $0.9 million.

Operating Expenses

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2025	2024	$	%	2025	2024	$	%
($ in thousands)								
Research and development	$ 30,231	$ 23,909	$ 6,322	26.4 %	$ 57,116	$ 46,729	$ 10,387	22.2 %
Sales and marketing	22,991	16,964	6,027	35.5 %	40,890	30,807	10,083	32.7 %
General and administrative	26,039	20,612	5,427	26.3 %	49,810	39,927	9,883	24.8 %
Acquisition-related expenses	513	135	378	280.0 %	2,891	195	2,696	1382.6 %
Amortization of acquired intangibles	1,707	358	1,349	376.8 %	2,275	717	1,558	217.3 %
Loss on impairment of intangible assets	—	—	—	—%	1,655	—	1,655	100.0 %
Total operating expenses	$ 81,481	$ 61,978	$ 19,503	31.5 %	$ 154,637	$ 118,375	$ 36,262	30.6 %
Percentage of revenues	72.7 %	75.4 %			73.7 %	74.8 %		

Research and Development

Research and development expenses increased $6.3 million, or 26.4%, and $10.4 million, or 22.2%, for the three and six months ended June 30, 2025, respectively, compared to the same periods in 2024. For the three months ended June 30, 2025, the increase was primarily due to a $5.4 million increase in personnel-related costs (which includes stock-based compensation of $1.2 million) resulting from headcount growth in our engineering, information technology and product teams dedicated to platform enhancements and innovation, $0.5 million in higher hosting costs, and net other miscellaneous costs of $0.5 million. These expenses were partially offset by an increase of $0.1 million in capitalized development costs.

For the six months ended June 30, 2025, the increase was primarily due to an $8.3 million increase in personnel-related costs (which includes stock-based compensation of $2.6 million, of which $1.0 million was related to certain unvested equity awards settled in cash in conjunction with the acquisition of MANTL), resulting from headcount growth in our engineering, information technology and product teams dedicated to platform enhancements and innovation, $1.3 million in higher costs for consulting, $0.8 million in higher hosting costs, and $0.6 million in higher various other net costs. These expenses were partially offset by an increase of $0.6 million in capitalized development costs.

Sales and Marketing

Sales and marketing expenses increased $6.0 million, or 35.5%, and $10.1 million or 32.7%, for the three and six months ended June 30, 2025, respectively, compared to the same periods in 2024. For the three months ended June 30, 2025, the increase was primarily due to a $5.5 million increase in personnel-related costs (which includes stock-based compensation of $1.3 million), resulting from headcount growth in our sales and marketing teams. In addition, we incurred $0.4 million in higher consulting costs and $0.1 million in higher various other net costs.

For the six months ended June 30, 2025, the increase was primarily due to an $8.3 million increase in personnel-related costs (which includes stock-based compensation of $2.1 million, of which $0.3 million was related to certain unvested equity awards settled in cash in conjunction with the acquisition of MANTL), resulting from headcount growth in our sales and marketing teams. In addition, we incurred $1.0 million in higher costs related to industry conferences and trade shows, including enhanced client experiences at our in-person client conference, Co:lab, $0.4 million in higher consulting costs, and $0.4 million in higher various other costs.

General and Administrative

General and administrative expenses increased by $5.4 million, or 26.3%, and $9.9 million, or 24.8%, for the three and six months ended June 30, 2025, respectively, compared to the same periods in 2024. For the three months ended June 30, 2025, the increase was primarily due to a $3.9 million increase in personnel-related costs (which includes stock-based compensation of $1.7 million), $0.5 million in higher audit and consulting costs, $0.4 million of higher software costs, and $0.6 million in higher various other net costs.

For the six months ended June 30, 2025, the increase was primarily due to a $7.9 million increase in personnel-related costs (which includes stock-based compensation of $4.5 million, of which $1.6 million was related to certain unvested equity awards settled in cash in conjunction with the acquisition of MANTL), $0.8 million in higher software costs, $0.6 million in higher audit and consulting costs, and $0.6 million in higher various other net costs.

Acquisition-Related Expenses

Acquisition-related expenses was $0.5 million and $2.9 million for the three and six months ended June 30, 2025, respectively, primarily related to insurance, legal, consulting, and professional fees incurred for the acquisition of MANTL.

Amortization of Acquired Intangibles

Amortization of acquired intangibles was $1.7 million and $2.3 million for the three and six months ended June 30, 2025, respectively, and $0.4 million and $0.7 million for the three and six months ended June 30, 2024, respectively. Amortization of acquired intangibles increased for the three and six months ended June 30, 2025 compared to the same periods in 2024, primarily due to the acquisition of intangible assets as part of the acquisition of MANTL in March 2025 and related additional amortization.

Loss on Impairment of Intangible Assets

Loss on impairment of intangible assets was $1.7 million for the six months ended June 30, 2025, related to impairment of certain historical developed technology intangible assets, customer relationship intangible assets, and capitalized developed software assets (included in property and equipment, net on the condensed consolidated balance sheets) as a result of the acquisition of MANTL.

Non-Operating Income (Expense)

Non-operating expense increased by $3.1 million and $3.9 million for the three and six months ended June 30, 2025, respectively, compared to the same periods in 2024, primarily due to a $3.2 million and $3.9 million increase in net interest expense, respectively.

(Benefit from) Provision for Income Taxes

The Company recorded income tax benefit of $4.3 million and $11.6 million for the three and six months ended June 30, 2025, respectively, resulting in an effective tax rate of 24.0% and 35.1%, respectively, compared to income tax expense of $0.2 million and $0.4 million for the three and six months ended June 30, 2024, respectively, resulting in an effective tax rate of (1.5)% and (1.6)%, respectively.

The Company's effective tax rates for the three and six months ended June 30, 2025 and 2024 differ from the statutory tax rate primarily due to the impact of the valuation allowance against its deferred tax assets and state tax expense, offset by a deferred tax benefit attributable to the partial release of the Company's pre-existing valuation allowance related to the MANTL business combination.

The acquisition of MANTL resulted in the recognition of a net deferred tax liability of $12.6 million. See Note 3 of the Notes to the Unaudited Condensed Consolidated Financial Statements for further information. Prior to the business combination, MANTL had a full valuation allowance on its net deferred tax assets. The net deferred tax liability generated from the business combination is considered an additional source of income to support the realizability of the Company's pre-existing deferred tax assets. As a result, the Company released a portion of the pre-existing valuation allowance against the deferred tax assets and recorded a provisional deferred tax benefit of $12.0 million.

Liquidity and Capital Resources

As of June 30, 2025, we had $87.1 million in cash and cash equivalents and marketable securities, and an accumulated deficit of $497.6 million. Our net losses have been driven by our investments in developing our digital banking platform, expanding our sales, marketing and implementation organizations and scaling our administrative functions to support our rapid growth.

We funded the acquisition of MANTL through the issuance of the 2030 Convertible Notes, borrowings on our revolving facility under the Amended Credit Agreement (the "Revolving Facility"), and cash from our balance sheet.

We have financed our operations primarily through cash generated from the sale of SaaS subscription services. Our future capital requirements will depend on many factors, including revenue growth and costs incurred to support client usage and growth in our client base, increased research and development expenses to support the growth of our business and related infrastructure, increased general and administrative expenses associated with being a publicly traded company, investments in office facilities and other capital expenditure requirements and any potential future acquisitions or other strategic transactions.

We believe that our existing cash resources, including our Amended Credit Agreement, will be sufficient to finance our continued operations, growth strategy, planned capital expenditures and the additional expenses we expect to incur as a public company for the short term (at least the next 12 months) and longer term (beyond the next 12 months). We may, from time to time, seek to raise additional capital to support our growth, including fund acquisitions, as we did with the issuance of the 2030 Convertible Notes to fund, in part, the acquisition of MANTL. Any equity financing we may undertake could be dilutive to our existing stockholders, and any additional debt financing we may undertake could require debt service and financial and operational requirements that could adversely affect our business.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Six months ended June 30,	
(in thousands)	**2025**	**2024**
Net cash (used in) provided by operating activities	$ (4,507)	$ 1,499
Net cash (used in) provided by investing activities	$ (392,360)	$ 22,275
Net cash provided by (used in) financing activities	$ 354,934	$ (3,269)

Net Cash (Used in) Provided by Operating Activities

During the six months ended June 30, 2025, net cash used in operating activities was $4.5 million, which consisted of a net loss of $21.4 million, adjusted by non-cash charges of $36.7 million and net cash outflows from the change in net operating assets and liabilities of $19.8 million. The non-cash charges were primarily comprised of depreciation and amortization expense of $11.2 million, stock-based compensation expense of $35.6 million (exclusive of $3.9 million of stock-based compensation expense for unvested equity awards settled in cash related to MANTL acquisition), loss on impairment of intangible assets of $1.7 million, and net other non-cash charges of $0.2 million, partially offset by deferred taxes of $12.0 million. The net cash outflows from the change in our net operating assets and liabilities were primarily due to a $7.5 million increase in

accounts receivable, a $15.8 million increase in prepaid expenses and other assets (inclusive of $2.9 million of prepaid stock-based compensation related to the acquisition of MANTL), and a $2.3 million increase in deferred costs, partially offset by a $4.2 million increase in accounts payable and accrued liabilities and a $1.5 million increase in deferred revenues. The increase in prepaid expenses and other assets was primarily due to a $9.1 million pending vendor refund receivable as of June 30, 2025. The Company received the $9.1 million vendor refund in full in July 2025, subsequent to the period end.

During the six months ended June 30, 2024, net cash provided by operating activities was $1.5 million, which consisted of a net loss of $23.8 million, adjusted by non-cash charges of $33.1 million and net cash outflows from the change in net operating assets and liabilities of $7.8 million. The non-cash charges were primarily comprised of depreciation and amortization expense of $5.2 million, stock-based compensation expense of $28.6 million, and net other non-cash charges of $0.1 million, partially offset by accrued interest on marketable securities, net of $0.8 million. The net cash outflows from the change in our net operating assets and liabilities were primarily due to a $3.5 million increase in accounts receivable, a $3.8 million increase in prepaid expenses and other current assets, a $0.7 million decrease in accounts payable and accrued liabilities and a $2.6 million increase in deferred costs, partially offset by a $2.6 million increase in deferred revenues.

Net Cash (Used in) Provided by Investing Activities

During the six months ended June 30, 2025, net cash used in investing activities was $392.4 million, primarily consisting of $375.5 million related to our acquisition of MANTL, $30.0 million in purchases of marketable securities, $3.2 million related to capitalized software development costs and $0.9 million related to capital expenditures related to updates for computers and other equipment, partially offset by $17.2 million in proceeds from sales, maturities, and redemptions of marketable securities.

During the six months ended June 30, 2024, net cash provided by investing activities was $22.3 million, primarily consisting of $41.6 million in proceeds from maturities and redemptions of marketable securities, partially offset by $15.6 million in purchases of marketable securities, $3.0 million related to capitalized software development costs and $0.7 million related to capital expenditures related to updates for computer and other equipment.

Net Cash Provided by (Used in) Financing Activities

For the six months ended June 30, 2025, net cash provided by financing activities was $354.9 million, which was primarily due to proceeds of $335.5 million from the issuance of the 2030 Convertible Notes, proceeds of $60.0 million from revolver loan borrowings, $2.3 million in proceeds from the exercise of stock options to purchase 0.3 million shares of our common stock, partially offset by $33.9 million paid for the Capped Calls, $10.0 million of payments on revolving loan, and $1.9 million of debt issuance costs paid.

For the six months ended June 30, 2024, net cash used in financing activities was $3.3 million, which was primarily due to $12.8 million in payments for taxes related to net settlement of equity awards, partially offset by $6.9 million in proceeds from the exercise of stock options to purchase 1.0 million shares of our common stock and proceeds from issuances under the Employee Stock Purchase Plan of $2.6 million.

Debt Transactions

On February 27, 2025, the Company entered into the Third Amendment and subsequently borrowed $60 million on the Revolving Facility during March 2025, with the proceeds used for the acquisition of MANTL. As of June 30, 2025, $50 million remained outstanding on the Revolving Facility. Refer to Note 8 of the Notes to the Unaudited Condensed Consolidated Financial Statements for more information regarding the Amended Credit Agreement.

On March 13, 2025, the Company issued $345 million 2030 Convertible Notes. The Notes were issued pursuant to, and are governed by, an indenture (the "Indenture"), dated as of March 13, 2025, between the Company and the Trustee. In connection with the issuance of the 2030 Convertible Notes, the Company entered into the Capped Calls. Refer to Note 8 of the Notes to the Unaudited Condensed Consolidated Financial Statements for more information regarding the 2030 Convertible Notes and Capped Calls.

Total interest expense, including commitment fees and unused line fees, was $3.2 million and $4.0 million for the three and six months ended June 30, 2025, respectively, and $0.1 million for both the three and six months ended June 30, 2024. Interest expense related to the 2030 Convertible Notes and Revolving Facility was $1.7 million and $1.2 million, respectively, for the three months ended June 30, 2025, and $2.1 million and $1.5 million, respectively, for the six months months ended June 30, 2025.

In conjunction with closing the Amended and Restated Credit Agreement in 2022, First Amendment in 2023, Second Amendment in 2024, and Third Amendment in March 2025, we incurred issuance costs of $0.9 million, $0.3 million, $0.4 million, and $0.9 million, respectively, which were deferred and scheduled to be amortized over the remaining term of the agreement. In conjunction with the issuance of the 2030 Convertible Notes, the Company recognized an original issue discount of $9.5 million and debt issuance costs of $0.9 million, which were capitalized as components of the carrying amount and included in Convertible senior notes, net in the condensed consolidated balance sheets. See Note 8 to the Notes to the Unaudited Condensed Consolidated Financial Statements for additional information.

Unamortized discounts and debt issuance costs totaled $11.2 million and $0.5 million as of June 30, 2025 and December 31, 2024, respectively. Amortization expense related to unamortized discounts and debt issuance costs (included in interest expense in the condensed consolidated statements of operations) totaled $0.5 million and $0.6 million for the three and six months ended June 30, 2025, respectively, and $0.1 million for both the three and six months ended June 30, 2024.

Contractual Obligations and Commitments

There were no material changes to our contractual obligations and commitments as of June 30, 2025, compared to those discussed as of December 31, 2024 in our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 28, 2025.

Off-Balance Sheet Arrangements

During the period presented, we did not have, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Significant Judgments and Estimates

In preparing our unaudited condensed consolidated financial statements in conformity with GAAP, we must make decisions that impact the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures. Such decisions include the selection of the appropriate accounting principles to be applied and the assumptions on which to base accounting estimates. In reaching such decisions, we apply judgments based on our understanding and analysis of relevant circumstances, historical experience, and actuarial valuations. Actual amounts could differ from those estimated at the time the condensed consolidated financial statements are prepared.

There have been no material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 28, 2025.

Recently Issued Accounting Pronouncements

See Note 2 of the Notes to the Unaudited Condensed Consolidated Financial Statements included elsewhere in this report for a discussion of recent accounting pronouncements and future application of accounting standards.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates.

Interest Rate Risk

We are subject to interest rate risk in connection with our Amended Credit Agreement. Interest rate changes generally impact the amount of our interest payments and, therefore, our future net income and cash flows, assuming other factors held constant. Assuming the amounts outstanding under our Amended Credit Agreement are fully drawn, a hypothetical 10% change in interest rates would not have a material impact on our consolidated financial statements. Our cash and cash equivalents consist primarily of interest-bearing accounts. Such interest-earning instruments carry a degree of interest rate risk. To minimize interest rate risk in the future, we intend to maintain our portfolio of cash equivalents in a variety of investment-grade securities, which may include commercial paper, money market funds and government and non-government debt securities. Because of the short-term maturities of our cash, cash equivalents, and marketable securities, we do not believe that an increase in market rates would have any significant negative impact on the realized value of our investments.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to provide reasonable assurance that information required to be disclosed by a company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the company's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures at June 30, 2025, the last day of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, at June 30, 2025, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting, identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) under the Exchange Act, that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

There are no material changes to the risk factors previously disclosed under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 28, 2025 other than the additional risk factors discussed below.

Our indebtedness and liabilities could limit the cash flow available for our operations, expose us to risks that could adversely affect our business, financial condition and results of operations and impair our ability to satisfy our obligations under the 2030 Convertible Notes.

Our indebtedness could have significant negative consequences for our security holders and our business, results of operations and financial condition by, among other things:

- increasing our vulnerability to adverse economic and industry conditions;
- limiting our ability to obtain additional financing;
- requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, which will reduce the amount of cash available for other purposes;
- limiting our flexibility to plan for, or react to, changes in our business;
- diluting the interests of our existing stockholders as a result of issuing shares of our common stock upon conversion of the 2030 Convertible Notes; and
- placing us at a possible competitive disadvantage with competitors that are less leveraged than us or have better access to capital.

Our business may not generate sufficient funds, and we may otherwise be unable to maintain sufficient cash reserves, to pay amounts due under our indebtedness, including the 2030 Convertible Notes and the Amended Credit Agreement, and our cash needs may increase in the future. If we fail to comply with certain covenants or to make payments under our indebtedness when due, then we would be in default under that indebtedness, which could, in turn, result in that and our other indebtedness becoming immediately payable in full.

We may be unable to raise the funds necessary to repurchase the 2030 Convertible Notes for cash following a fundamental change or to pay any cash amounts due upon maturity or conversion of the 2030 Convertible Notes, and our other indebtedness may limit our ability to repurchase the 2030 Convertible Notes or to pay any cash amounts due upon their maturity or conversion.

Noteholders may, subject to a limited exception, require us to repurchase their 2030 Convertible Notes following a "fundamental change" (as defined in the Indenture) at a cash repurchase price generally equal to the principal amount of the 2030 Convertible Notes to be repurchased, plus accrued and unpaid interest, if any. Upon maturity of the 2030 Convertible Notes, we must pay their principal amount and accrued and unpaid interest in cash, unless they have been previously repurchased, redeemed or converted. In addition, upon conversion, we will satisfy part or all of our conversion obligation in cash unless we elect to settle conversions solely in shares of our common stock. We may not have enough available cash or be able to obtain financing at the time we are required to repurchase the 2030 Convertible Notes or pay the cash amounts, if any, due upon their maturity or conversion. In addition, applicable law, regulatory authorities and the agreements governing our other indebtedness may restrict our ability to repurchase the 2030 Convertible Notes or to pay the cash amounts, if any, due upon their maturity or conversion. For example, the Amended Credit Agreement includes restrictions on our ability to settle conversions of the 2030 Convertible Notes in cash. Our failure to repurchase 2030 Convertible Notes or to pay the cash amounts, if any, due upon their maturity or conversion when required will constitute a default under the Indenture. A default under the Indenture or the fundamental change itself could also lead to a default under agreements governing our other indebtedness, which may result in that other indebtedness becoming immediately payable in full. We may not have sufficient funds to satisfy all amounts due under the other indebtedness and the 2030 Convertible Notes.

Provisions in the Indenture could delay or prevent an otherwise beneficial takeover of us.

Certain provisions in the 2030 Convertible Notes and the Indenture could make a third-party attempt to acquire us more difficult or expensive. For example, if a takeover constitutes a fundamental change, then, subject to certain exceptions, noteholders will have the right to require us to repurchase their 2030 Convertible Notes for cash. In addition, if a takeover constitutes a make-whole fundamental change, then we may be required to temporarily increase the conversion rate. In either case, and in other cases, our obligations under the 2030 Convertible Notes and the Indenture could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management, including in a transaction that noteholders or holders of our common stock may view as favorable.

The accounting method for the 2030 Convertible Notes could adversely affect our reported financial condition and results.

The accounting method for reflecting the 2030 Convertible Notes on our balance sheet and accruing interest expense for the 2030 Convertible Notes may adversely affect our reported loss and financial condition.

In accordance with applicable accounting standards, we expect that the 2030 Convertible Notes will be reflected as a liability on our balance sheets, with the initial carrying amount equal to the principal amount of the 2030 Convertible Notes, net of discount and issuance costs. The issuance costs will be treated as a debt discount for accounting purposes, which will be amortized into interest expense over the term of the 2030 Convertible Notes. As a result of this amortization, the interest expense that we expect to recognize for the 2030 Convertible Notes for accounting purposes will be greater than the cash interest payments we will pay on the 2030 Convertible Notes, which will result in higher reported loss.

Furthermore, if any of the conditions to the convertibility of the 2030 Convertible Notes is satisfied, then we may be required under applicable accounting standards to reclassify the liability carrying value of the 2030 Convertible Notes as a current, rather than a long-term, liability. This reclassification could be required even if no noteholders convert their 2030 Convertible Notes and could materially reduce our reported working capital.

Transactions relating to our 2030 Convertible Notes may affect the value of our common stock.

The conversion of some or all of the 2030 Convertible Notes would dilute the ownership interests of existing stockholders to the extent we satisfy our conversion obligation by delivering shares of our common stock upon any conversion of such 2030 Convertible Notes. Our 2030 Convertible Notes may become, in the future, convertible at the option of their holders under certain circumstances. If holders of our 2030 Convertible Notes elect to convert their notes, in certain circumstances we will be required to settle our conversion obligation by delivering shares of our common stock, which would cause dilution to our existing stockholders.

In connection with the issuance of the 2030 Convertible Notes, we entered into Capped Calls with certain financial institutions (collectively, the "option counterparties"). The Capped Calls are expected generally to reduce the potential dilution to our common stock upon any conversion of the 2030 Convertible Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted 2030 Convertible Notes, as the case may be, with such reduction and/or offset subject to a cap.

From time to time, the option counterparties and/or their respective affiliates may modify their hedge positions by entering into or unwinding various derivative transactions with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the 2030 Convertible Notes (and are likely to do so (x) during any observation period related to a conversion of the 2030 Convertible Notes or following any repurchase of the 2030 Convertible Notes by us in connection with any redemption or fundamental change, (y) following any other repurchase of the 2030 Convertible Notes if we elect to unwind a corresponding portion of the Capped Calls in connection with such repurchase and (z) if we otherwise unwind all or a portion of the Capped Calls). This activity could cause or avoid an increase or a decrease in the market price of our common stock.

We are subject to counterparty risk with respect to the Capped Calls.

The option counterparties are financial institutions, and we will be subject to the risk that any or all of them might default under the Capped Calls. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. Past and recent global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the Capped Calls with such option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by an option counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the option counterparties.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

During the three months ended June 30, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
10.1*	Consulting Agreement, dated April 29, 2025, by and between Alkami Technology, Inc. and William Bryan Hill	8-K	001-40321	10.1	4/30/2025
31.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934				
31.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934				
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350				
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350				
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				
101.SCH	Inline XBRL Taxonomy Extension Schema Document				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				

* Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company will furnish supplementally copies of omitted schedules and exhibits to the Securities and Exchange Commission or its staff upon its request.

** The certifications attached as Exhibit 32.1 and Exhibit 32.2 that accompany this Quarterly Report on Form 10-Q are deemed furnished and not filed with the SEC and are not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

Alkami Technology, Inc.

Date: July 31, 2025

By: /s/ Alex Shootman
Alex Shootman
Chief Executive Officer
(Principal Executive Officer)

Date: July 31, 2025

By: /s/ W. Bryan Hill
W. Bryan Hill
Chief Financial Officer
(Principal Financial Officer)