

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 1, 2024

ALKAMI TECHNOLOGY, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware 001-40321 45-3060776
(State or Other Jurisdiction of Incorporation) (Commission File Number) (I.R.S. Employer Identification Number)

5601 Granite Parkway, Suite 120, Plano, TX 75024
(Address of Principal Executive Offices) (Zip Code)

(877) 725-5264
Registrant's Telephone Number, Including Area Code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).
Emerging growth company ☒

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

Item 2.02. Results of Operations and Financial Condition.

On May 1, 2024, Alkami Technology, Inc. (the “Company”) issued a press release announcing its financial results for the quarter ended March 31, 2024. A copy of the press release is furnished herewith as Exhibit 99.1 and is incorporated by reference herein.

The information set forth in this Item 2.02, including Exhibit 99.1, is being furnished and shall not be deemed “filed” for purposes of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section. The information in this Item 2.02, including Exhibit 99.1, shall not be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 7.01. Regulation FD Disclosure.

On May 1, 2024, the Company posted an investor presentation to its website at www.alkami.com (the “Investor Presentation”). A copy of the Investor Presentation is furnished herewith as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated herein by reference.

The information set forth in this Item 7.01, including Exhibit 99.2, is being furnished and shall not be deemed “filed” for purposes of the Exchange Act, or otherwise subject to the liabilities of that Section. The information in this Item 7.01, including Exhibit 99.2, shall not be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing. By furnishing the information contained in the Investor Presentation, the Company makes no admission as to the materiality of any information in the Investor Presentation that is required to be disclosed solely by reason of Regulation FD.

Item 9.01. Financial Statements and Exhibits.

Exhibit Number	Description
99.1	Earnings Press Release, dated May 1, 2024
99.2	Investor Presentation, dated May 1, 2024
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURE

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 hereunto duly authorized.
Alkami Technology, Inc.

Date: May 1, 2024

By: /s/ W. Bryan Hill
W. Bryan Hill
Chief Financial Officer

Alkami Announces First Quarter 2024 Financial Results

PLANO, Texas, May 1, 2024 (GLOBE NEWSWIRE) – Alkami Technology, Inc. (Nasdaq: ALKT) ("Alkami"), a leading cloud-based digital banking solutions provider for financial institutions in the U.S., today announced results for its first quarter ending March 31, 2024.

First Quarter 2024 Financial Highlights

- GAAP total revenue of \$76.1 million, an increase of 26.9% compared to the year-ago quarter;
- GAAP gross margin of 57.8%, compared to 53.6% in the year-ago quarter;
- Non-GAAP gross margin of 61.7%, compared to 58.1% in the year-ago quarter;
- GAAP net loss of \$(11.4) million, compared to \$(17.0) million in the year-ago quarter; and
- Adjusted EBITDA of \$3.8 million, compared to a loss of \$(2.9) million in the year-ago quarter.

Comments on the News

Alex Shootman, Chief Executive Officer, said, "In the first quarter, we delivered another quarter of robust performance. We ended Q1 with 18.1 million live registered users, up 3.0 million compared to the prior-year quarter as we continue to lead the industry in market share gains. In February of 2024, we renewed our largest client, which is a top 10 credit union, more than doubling the original total contract value and extending the relationship for another five years. And we continued our progress on the key initiatives that will position Alkami to be the premier digital banking provider."

Shootman added, "In April, we hosted our largest-ever user conference, with more than 800 in-person attendees representing 220 financial institutions. Feedback from prospects and existing clients was consistent and unequivocal – there is a pronounced and growing need for modernization among regional and community financial institutions, and Alkami is well positioned to continue delivering market-leading solutions and strong growth."

Bryan Hill, Chief Financial Officer, said, "We grew digital banking users on the Alkami platform by 20% compared to the prior-year quarter. We exited the quarter with Annual Recurring Revenue of \$303 million, up 26.1% compared to the year-ago quarter. Our revenue per user continued to grow, ending the quarter at \$16.71, driven by add-on sales and the addition of new clients who tend to onboard at a higher average RPU. We also expanded non-GAAP gross margin to 61.7%, representing an increase of approximately 360 basis points, demonstrating continued progress towards our 2026 non-GAAP gross margin objective of 65%."

2024 Financial Outlook

Alkami's financial outlook is based on current expectations. The following statements are forward-looking, and actual results could differ materially depending on market conditions and the factors set forth under "Cautionary Statement Regarding Forward-Looking Statements."

Alkami is providing guidance for its second quarter ending June 30, 2024 of:

- GAAP total revenue in the range of \$80.5 million to \$82.0 million;
- Adjusted EBITDA in the range of \$2.8 million to \$3.8 million.

Alkami is providing guidance for its fiscal year ending December 31, 2024 of:

- GAAP total revenue in the range of \$328.5 million to \$333.0 million;
- Adjusted EBITDA in the range of \$20.5 million to \$23.5 million.

Conference Call Information

The Company will host a conference call at 5:00 p.m. ET today to discuss its financial results with investors. A live webcast of the event will be available on the Alkami investor relations website at investors.alkami.com. In addition, a live dial-in will be available domestically at 1-800-836-8184 and internationally at 1-646-357-8785 using passcode 64781. A replay will be available in the Investor Relations section of the Alkami website.

About Alkami

Alkami Technology, Inc. is a leading cloud-based digital banking solutions provider for financial institutions in the United States that enables clients to grow confidently, adapt quickly and build thriving digital communities. Alkami helps clients transform through retail and business banking, digital account opening, payment security, and data analytics and marketing solutions. To learn more, visit <https://www.alkami.com/>.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains "forward-looking" statements relating to Alkami Technology, Inc.'s strategy, goals, future focus areas, and expected, possible or assumed future results, including its future cash flows and its financial outlook. These forward-looking statements are based on management's beliefs and assumptions and on information currently available to management. Forward-looking statements include all statements that are not historical facts and may be identified by terms such as "expects," "believes," "plans," or similar expressions and the negatives of those terms. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements, expressed or implied by the forward-looking statements. Factors that may materially affect such forward-looking statements include: Our limited operating history and history of operating losses; our ability to manage future growth; our ability to attract new clients and retain and expand existing clients' use of our solutions; the unpredictable and time-consuming nature of our sales cycles; our ability to maintain, protect and enhance our brand; our ability to accurately predict the long-term rate of client subscription renewals or adoption of our solutions; our reliance on third-party software, content and services; our ability to effectively integrate our solutions with other systems used by our clients; intense competition in our industry; any downturn, consolidation or decrease in technology spend in the financial services industry, including as a result of recent closures of certain financial institutions and liquidity concerns at other financial institutions; our ability and the ability of third parties on which we rely to prevent and identify breaches of security measures (including cybersecurity) and resulting disruptions of our systems or operations and unauthorized access to client customer and other data; our ability to successfully integrate acquired companies or businesses; our ability to comply with regulatory and legal requirements and developments; our ability to attract and retain key employees; the political, economic and competitive conditions in the markets and jurisdictions where we operate; our ability to maintain, develop and protect our intellectual property; our ability to respond to evolving technological requirements to develop or acquire new and enhanced products that achieve market acceptance in a timely manner; our ability to estimate our expenses, future revenues, capital requirements, our needs for additional financing and our ability to obtain additional capital and other factors described in the Company's filings with the Securities and Exchange Commission. 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.

Explanation of Non-GAAP Financial Measures and Key Business Metrics

The company reports its financial results in accordance with accounting principles generally accepted in the United States of America, or GAAP. However, the company believes that, in order to properly understand its short-term and long-term financial, operational and strategic trends, it may be helpful for investors to exclude certain non-cash or non-recurring items when used as a supplement to financial performance measures in accordance with GAAP. These items result from facts and circumstances that vary in both frequency and impact on continuing operations. The company also uses results of operations excluding such items to evaluate the operating performance of Alkami and compare it against prior periods, make operating decisions, determine executive compensation, and serve as a basis for long-term strategic planning. These non-GAAP financial measures provide the company with additional means to understand and evaluate the operating results and trends in its ongoing business by eliminating certain non-cash expenses and other items that Alkami believes might otherwise make comparisons of its ongoing business with prior periods more difficult, obscure trends in ongoing operations, reduce management's ability to make useful forecasts, or obscure the ability to evaluate the effectiveness of certain business strategies and management incentive structures. In addition, the company also believes that investors and financial analysts find this information to be helpful in analyzing the company's financial and operational performance and comparing this performance to the company's peers and competitors.

The company defines "Non-GAAP Cost of Revenues" as cost of revenues, excluding (1) amortization and (2) stock-based compensation expense. The company believes that investors and financial analysts find this non-GAAP financial measure to be useful in analyzing the company's financial and operational performance, comparing this performance to the company's peers and competitors, and understanding the company's ability to generate income from ongoing business operations.

The company defines "Non-GAAP Gross Margin" as gross profit, plus (1) amortization and (2) stock-based compensation expense, all divided by revenue. The company believes that investors and financial analysts find this non-GAAP financial measure to be useful in analyzing the company's financial and operational performance, comparing this performance to the company's peers and competitors, and understanding the company's ability to generate income from ongoing business operations.

The company defines "Non-GAAP Research and Development Expense" as research and development expense, excluding stock-based compensation expense. The company believes that investors and financial analysts find this non-GAAP financial measure to be

useful in analyzing the company's financial and operational performance, comparing this performance to the company's peers and competitors, and understanding the company's ongoing expenditures related to product innovation.

The company defines "Non-GAAP Sales and Marketing Expense" as sales and marketing expense, excluding stock-based compensation expense. The company believes that investors and financial analysts find this non-GAAP financial measure to be useful in analyzing the company's financial and operational performance, comparing this performance to the company's peers and competitors, and understanding the company's ongoing expenditures related to its sales and marketing strategies.

The company defines "Non-GAAP General and Administrative Expense" as general and administrative expense, excluding stock-based compensation expense. The company believes that investors and financial analysts find this non-GAAP financial measure to be useful in analyzing the company's financial and operational performance, comparing this performance to the company's peers and competitors, and understanding the company's underlying expense structure to support corporate activities and processes.

The company defines "Non-GAAP Net Loss" as net loss, plus (1) provision for income taxes (2) gain on financial instruments, (3) amortization, (4) stock-based compensation expense, and (5) acquisition-related expenses. The company believes that investors and financial analysts find this non-GAAP financial measure to be useful in analyzing the company's financial and operational performance, comparing this performance to the company's peers and competitors, and understanding the company's ability to generate income from ongoing business operations.

The company defines "Adjusted EBITDA" as net loss plus (1) provision for income taxes, (2) gain on financial instruments, (3) interest (income) expense, net, (4) depreciation and amortization (5) stock-based compensation expense, and (6) acquisition-related expenses. The company believes 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.

In addition, the Company also uses the following important operating metrics to evaluate its business:

The company defines "Annual Recurring Revenue (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.

The company defines "Registered Users" as an individual or business related to an account holder of an FI client on our digital banking platform who has registered to use one or more of our solutions and has current access to use those solutions as of the last day of the reporting period presented. 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.

The company defines "Revenue per Registered User (RPU)" by dividing ARR for 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.

The company does not provide a reconciliation of our adjusted EBITDA outlook to GAAP net loss because certain significant information required for such reconciliation is not available without unreasonable efforts, including provision for income taxes, loss on financial instruments, stock-based compensation expense, and acquisition-related expenses, net, all of which may be significant.

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

	March 31, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 44,179	\$ 40,927
Marketable securities	43,125	51,196
Accounts receivable, net	35,717	35,499
Deferred costs, current	11,081	10,329
Prepaid expenses and other current assets	11,531	10,634
Total current assets	145,633	148,585
Property and equipment, net	18,217	16,946
Right-of-use assets	15,479	15,754
Deferred costs, net of current portion	31,499	30,734
Intangibles, net	34,111	35,807
Goodwill	148,050	148,050
Other assets	4,653	3,949
Total assets	<u>\$ 397,642</u>	<u>\$ 399,825</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 6,533	\$ 7,478
Accrued liabilities	16,902	19,763
Deferred revenues, current portion	12,497	10,984
Lease liabilities, current portion	1,242	1,205
Total current liabilities	37,174	39,430
Deferred revenues, net of current portion	17,525	15,384
Deferred income taxes	1,738	1,713
Lease liabilities, net of current portion	18,065	18,052
Other non-current liabilities	233	305
Total liabilities	74,735	74,884
Stockholders' Equity		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized and 0 shares issued and outstanding as of March 31, 2024 and December 31, 2023	—	—
Common stock, \$0.001 par value, 500,000,000 shares authorized; and 97,515,483 and 96,722,098 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	98	97
Additional paid-in capital	769,608	760,210
Accumulated deficit	(446,799)	(435,366)
Total stockholders' equity	<u>322,907</u>	<u>324,941</u>
Total liabilities and stockholders' equity	<u>\$ 397,642</u>	<u>\$ 399,825</u>

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

	Three months ended March 31,	
	2024	2023
Revenues	\$ 76,127	\$ 59,996
Cost of revenues ⁽¹⁾	32,095	27,858
Gross profit	44,032	32,138
Operating expenses:		
Research and development	22,820	20,549
Sales and marketing	13,843	10,878
General and administrative	19,315	17,111
Acquisition-related expenses	60	186
Amortization of acquired intangibles	359	360
Total operating expenses	56,397	49,084
Loss from operations	(12,365)	(16,946)
Non-operating income (expense):		
Interest income	1,082	1,726
Interest expense	(73)	(1,757)
Gain on financial instruments	112	210
Loss before income taxes	(11,244)	(16,767)
Provision for income taxes	189	196
Net loss	\$ (11,433)	\$ (16,963)
Net loss per share attributable to common stockholders:		
Basic and diluted	\$ (0.12)	\$ (0.18)
Weighted average number of shares of common stock outstanding:		
Basic and diluted	96,945,232	92,397,341

⁽¹⁾ Includes amortization of acquired technology of \$1.3 million for both the three months ended March 31, 2024 and 2023.

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

	Three months ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (11,433)	\$ (16,963)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	2,562	2,586
Accrued interest on marketable securities, net	(294)	(398)
Stock-based compensation expense	13,552	11,440
Amortization of debt issuance costs	32	45
Gain on financial instruments	(112)	(210)
Deferred taxes	25	47
Changes in operating assets and liabilities:		
Accounts receivable	(218)	(2,183)
Prepaid expenses and other current assets	(1,633)	(2,654)
Accounts payable and accrued liabilities	(3,873)	(1,290)
Deferred costs	(1,311)	(859)
Deferred revenues	3,654	824
Net cash provided by (used in) operating activities	951	(9,615)
Cash flows from investing activities:		
Purchase of marketable securities	(7,149)	(20,987)
Proceeds from sales, maturities and redemptions of marketable securities	15,626	38,122
Purchases of property and equipment	(306)	(229)
Capitalized software development costs	(1,363)	(1,141)
Net cash provided by investing activities	6,808	15,765
Cash flows from financing activities:		
Payments for taxes related to net settlement of equity awards	(5,678)	(1,984)
Proceeds from stock option exercises	1,171	1,416
Net cash used in financing activities	(4,507)	(568)
Net increase in cash and cash equivalents and restricted cash	3,252	5,582
Cash and cash equivalents and restricted cash, beginning of period	40,927	112,337
Cash and cash equivalents and restricted cash, end of period	\$ 44,179	\$ 117,919

ALKAMI TECHNOLOGY, INC.
RECONCILIATION OF GAAP TO NON-GAAP MEASURES
(In thousands, except per share data)
(UNAUDITED)

	Three Months Ended March 31,	
	2024	2023
GAAP total revenues	\$ 76,127	59,996
	March 31,	
	2024	2023
Annual Recurring Revenue (ARR)	\$ 302,659	\$ 240,050
Registered Users	18,113	15,119
Revenue per Registered User (RPU)	\$ 16.71	\$ 15.88

Non-GAAP Cost of Revenues

Set forth below is a presentation of the company's "Non-GAAP Cost of Revenues." Please reference the "Explanation of Non-GAAP Measures" section.

	Three Months Ended March 31,	
	2024	2023
GAAP cost of revenues	\$ 32,095	\$ 27,858
Amortization	(1,775)	(1,599)
Stock-based compensation expense	(1,178)	(1,146)
Non-GAAP cost of revenues	\$ 29,142	\$ 25,113

Non-GAAP Gross Margin

Set forth below is a presentation of the company's "Non-GAAP Gross Margin." Please reference the "Explanation of Non-GAAP Measures" section.

	Three Months Ended March 31,	
	2024	2023
GAAP gross margin	57.8 %	53.6 %
Amortization	2.3 %	2.6 %
Stock-based compensation expense	1.6 %	1.9 %
Non-GAAP gross margin	61.7 %	58.1 %

Non-GAAP Research and Development Expense

Set forth below is a presentation of the company's "Non-GAAP Research and Development Expense." Please reference the "Explanation of Non-GAAP Measures" section.

	Three Months Ended March 31,	
	2024	2023
GAAP research and development expense	\$ 22,820	\$ 20,549
Stock-based compensation expense	(3,998)	(3,775)
Non-GAAP research and development expense	\$ 18,822	\$ 16,774

Non-GAAP Sales and Marketing Expense

Set forth below is a presentation of the company's "Non-GAAP Sales and Marketing Expense." Please reference the "Explanation of Non-GAAP Measures" section.

	Three Months Ended March 31,	
	2024	2023
GAAP sales and marketing expense	\$ 13,843	\$ 10,878
Stock-based compensation expense	(2,031)	(1,590)
Non-GAAP sales and marketing expense	<u>\$ 11,812</u>	<u>\$ 9,288</u>

Non-GAAP General and Administrative Expense

Set forth below is a presentation of the company's "Non-GAAP General and Administrative Expense." Please reference the "Explanation of Non-GAAP Measures" section.

	Three Months Ended March 31,	
	2024	2023
GAAP general and administrative expense	\$ 19,315	\$ 17,111
Stock-based compensation expense	(6,345)	(4,733)
Non-GAAP general and administrative expense	<u>\$ 12,970</u>	<u>\$ 12,378</u>

Non-GAAP Net Loss

Set forth below is a presentation of the company's "Non-GAAP Net Loss." Please reference the "Explanation of Non-GAAP Measures" section.

	Three Months Ended March 31,	
	2024	2023
GAAP net loss	\$ (11,433)	\$ (16,963)
Provision for income taxes	189	196
Gain on financial instruments	(112)	(210)
Amortization	2,134	1,959
Stock-based compensation expense	13,552	11,244
Acquisition-related expenses	60	186
Non-GAAP net loss	<u>\$ 4,390</u>	<u>\$ (3,588)</u>

Adjusted EBITDA

Set forth below is a presentation of the company's "Adjusted EBITDA." Please reference the "Explanation of Non-GAAP Measures" section.

	Three Months Ended	
	March 31,	
	2024	2023
GAAP net loss	\$ (11,433)	\$ (16,963)
Provision for income taxes	189	196
Gain on financial instruments	(112)	(210)
Interest (income) expense, net	(1,009)	31
Depreciation and amortization	2,562	2,586
Stock-based compensation expense	13,552	11,244
Acquisition-related expenses	60	186
Adjusted EBITDA	\$ 3,809	\$ (2,930)

Investor Relations Contact
Steve Calk
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Media Relations Contacts
Marla Pieton
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Valerie Kerner
alkami@fullyvested.com

The Alkami logo, featuring the word "Alkami" in a stylized, orange, sans-serif font. The background of the slide is dark blue with a large, light blue chevron shape pointing upwards and to the right.

Alkami

Alkami Technology

Alkami Technology, Inc. Proprietary Information.

Cautionary Statement Regarding Forward-Looking Statements

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This presentation contains “forward-looking” statements relating to Alkami Technology, Inc.’s strategy, goals, future focus areas, and expected, possible or assumed future results, including its future cash flows and its financial outlook. These forward-looking statements are based on management’s beliefs and assumptions and on information currently available to management. Forward-looking statements include all statements that are not historical facts and may be identified by terms such as “expects,” “believes,” “plans,” or similar expressions and the negatives of those terms. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements, expressed or implied by the forward-looking statements. Factors that may materially affect such forward-looking statements include: Our limited operating history and history of operating losses; our ability to manage future growth; our ability to attract new clients and retain and expand existing clients’ use of our solutions; the unpredictable and time-consuming nature of our sales cycles; our ability to maintain, protect and enhance our brand; our ability to accurately predict the long-term rate of client subscription renewals or adoption of our solutions; our reliance on third-party software, content and services; our ability to effectively integrate our solutions with other systems used by our clients; intense competition in our industry; any downturn, consolidation or decrease in technology spend in the financial services industry, including as a result of recent closures of certain financial institutions and liquidity concerns at other financial institutions; our ability and the ability of third parties on which we rely to prevent and identify breaches of security measures (including cybersecurity) and resulting disruptions of our systems or operations and unauthorized access to client customer and other data; our ability to successfully integrate acquired companies or businesses; our ability to comply with regulatory and legal requirements and developments; our ability to attract and retain key employees; the political, economic and competitive conditions in the markets and jurisdictions where we operate; our ability to maintain, develop and protect our intellectual property; our ability to respond to evolving technological requirements to develop or acquire new and enhanced products that achieve market acceptance in a timely manner; our ability to estimate our expenses, future revenues, capital requirements, our needs for additional financing and our ability to obtain additional capital and other factors described in the Company’s filings with the Securities and Exchange Commission. 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.

The company reports its financial results in accordance with accounting principles generally accepted in the United States of America, or GAAP. However, the company believes that, in order to properly understand its short-term and long-term financial, operational and strategic trends, it may be helpful for investors to exclude certain non-cash or non-recurring items when used as a supplement to financial performance measures in accordance with GAAP. These items result from facts and circumstances that vary in both frequency and impact on continuing operations. These non-GAAP financial measures provide the company with additional means to understand and evaluate the operating results and trends in its ongoing business by eliminating certain non-cash expenses and other items that Alkami believes might otherwise make comparisons of its ongoing business with prior periods more difficult, obscure trends in ongoing operations, reduce management’s ability to make useful forecasts, or obscure the ability to evaluate the effectiveness of certain business strategies and management incentive structures. In addition, the company also believes that investors and financial analysts find this information to be helpful in analyzing the company’s financial and operational performance and comparing this performance to the company’s peers and competitors.

Alkami Technology, Inc.

Who We Are

- Cloud-based digital banking platform serving U.S. financial institutions

What We Do

- Empower FIs to grow, drive user engagement and improve operational efficiency
- Leverage broad product set enabling retail and commercial banking

How We Do It

- Powerful, scalable technology stack
- Modern architecture, multi-tenant
- Continuous integration, delivery and deployment

Who We Serve

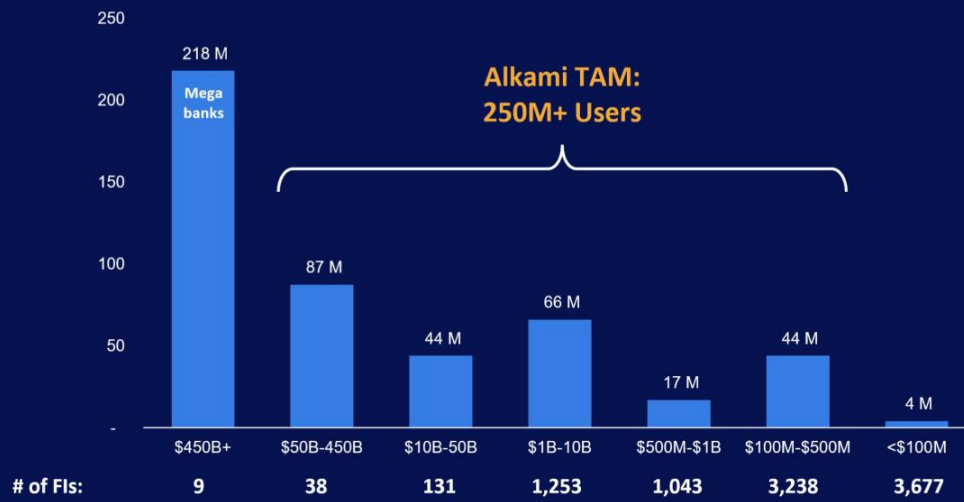
- Community, regional and super-regional FIs

We enable FIs to effectively compete with larger, more technologically advanced and well-resourced competitors



U.S. Digital Banking User Distribution

Users in millions by asset range, including megabanks



Source: FI Navigator

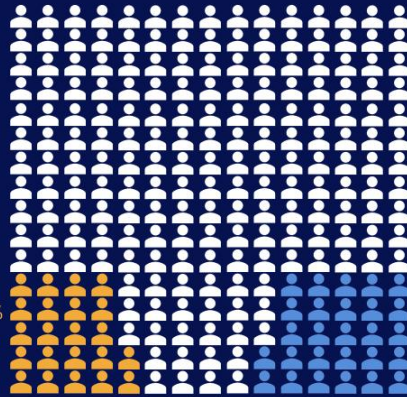
Alkami's Addressable Market: User Characteristics

5

250M+ digital users, excluding megabanks

Legacy Providers: 210M+
User Growth: 5-8%

Alkami: 18.1M
User Growth: 20%



QTWO: ~22M
User Growth: 4%

Total market digital users growing 5-8% historically, driven by:

- Increasing number of accounts per customer
- Ease of new account opening via digital tools
- Demographics, including post-COVID shift to ex-urban areas, decline in unbanked and underbanked customers

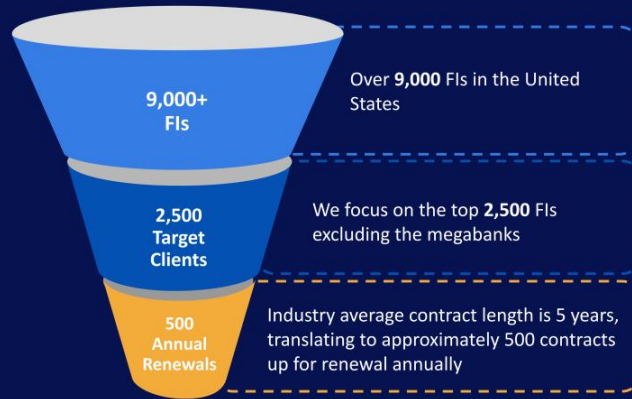
Digital user growth historically uncorrelated with contraction in branches or number of FIs

Addressable Market = FIs with assets from \$100M to \$450B, representing 250M digital users
Legacy Providers include Fiserv, FIS, JKH, DI and other small or point solutions
Sources: Industry data including NCUA, and FDIC, FI Navigator, Cornerstone Advisors and Alkami internal research

Go-To-Market Cadence

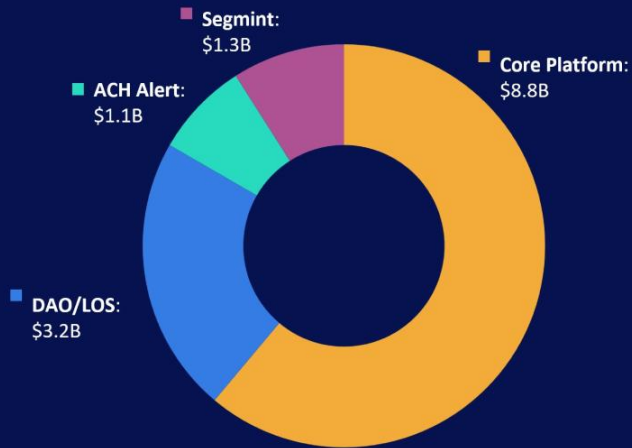
Very targeted renewal class each year allows us to focus sales resources

- **Sales team** drives outbound lead generation, cross selling and account management
- **Client success team** supports retention and deepens the relationships with our clients



Alkami's Addressable Market

Growing healthy \$14 billion TAM



250M users represents FIs with assets between \$100M and \$450B

Sources: Industry data including NCUA, and FDIC, FI Navigator, Cornerstone Advisors and Alkami internal research

Total Addressable Market

- 250M digital users x \$58 ARPU
- Digital users growing 5% to 8% annually
- 30+ products today vs. 9 in 2015

Core Platform

- 250M digital users x \$35 ARPU
- Existing client digital penetration of <80% expected to converge to near 100%

DOA/LOS

- Acquired Q3 2021 - Digital Account Opening and Unsecured Loan Origination

ACH Alert

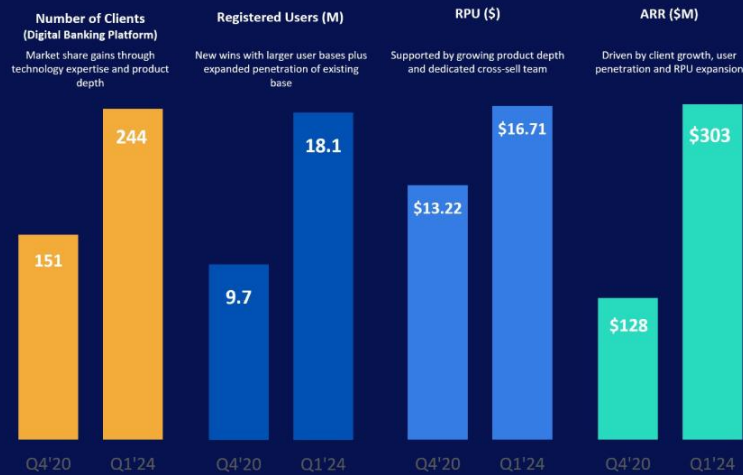
- Acquired Q4 2020 - Fraud Prevention

Segment

- Acquired Q2 2022 - Managed Marketing & AI

Multiple Levers Driving Growth

ARR expansion driven by new client wins, user penetration and RPU growth

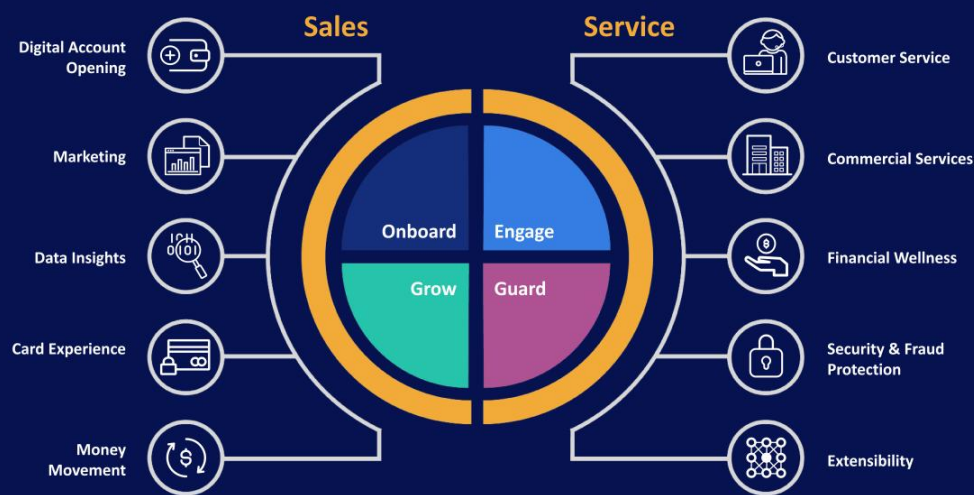


Note: RPU and ARR include subscription and recurring implementation services revenue

- Clients driven by new logo wins, historically among credit unions, with a growing presence among banks
- Registered users grow as we add new logos and as clients add users
- RPU driven by product penetration at initial sale and by add on sales, and is offset by volume discounts as existing clients add users

Alkami's Digital Sales & Service Platform

Comprehensive digital banking to help RCFIs manage costs and remain competitive



The Three Product Pillars



How We Achieve Our Long-term Objectives

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Market Leadership



Drive Add-On Sales



Maintain Strong Credit Union Position



Scale and Continued Cost Discipline



Grow Bank Mindshare and Capabilities



Continuous Product and Platform Improvement

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Financial Overview

Alkami Technology, Inc. Proprietary Information.

Q1 2024 Financial Performance

\$M

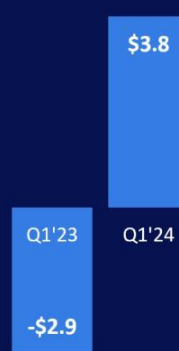
Quarterly Revenue



Gross Margin



Adjusted EBITDA



- Q1'24 revenue growth of 27% driven by new clients, existing client user growth and ARPU growth
- GM expansion consistent with our plan to increase GM 200-300 bps per year through 2026
- Adj EBITDA expansion driven by continued scale and efficiencies in Research & Development, Sales & Marketing and General & Administrative

Note: Gross margin % on a non-GAAP basis



First Quarter 2024 Highlights

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Digital Banking Clients

206 244

Q1 2023

Q1 2024

Registered Users

15.1M 18.1M

Q1 2023

Q1 2024

ARR

\$303M

3/31/24

RPO

\$1.2B

Remaining Performance Obligations
as of 3/31/24

Subscription Revenue

96%

Subscription Revenue Mix
as of 3/31/24

Net Dollar Retention

115%

12/31/23

- Signed 6 new digital banking platform clients in Q1
- Implemented 8 clients in Q1, bringing digital platform client count to 244
- 42 new clients in implementation backlog, representing 1.3M digital users
- Exited Q1 with 18.1M registered users, up 3.0M or 20%. Drivers: (i) FIs implemented in last twelve months represent 1.5M registered users and (ii) existing clients increased their registered users by 1.5M
- Increased ARR 26% to \$303M
- Remaining purchase obligation reached \$1.2B representing almost 4 times live ARR and was 32% higher than a year ago
- LTM churn of 0% vs long-term expected churn of 2-3%

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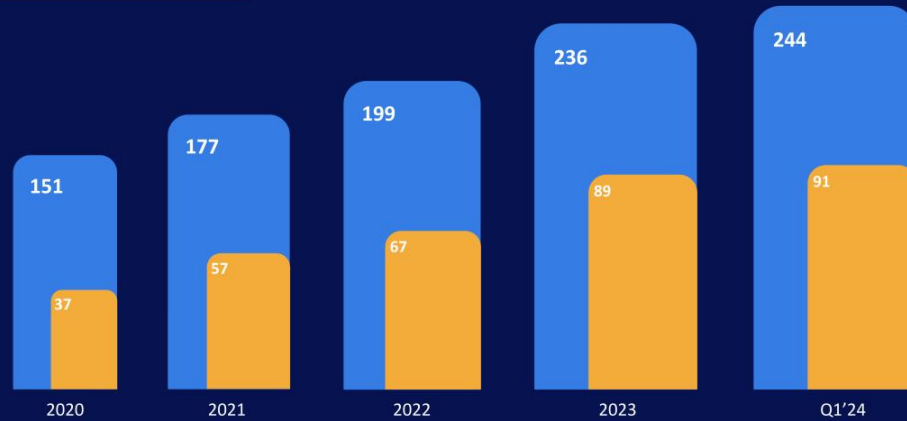


Client Base Expansion

ARR growth driven by larger new logos and increased product penetration

Total Digital Banking Platform Clients

Clients with ARR > \$1M



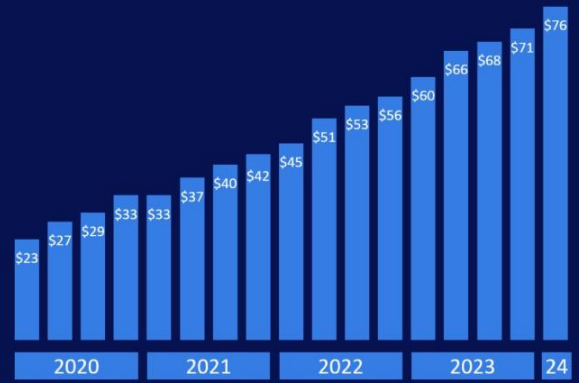
Strong Historical Revenue Growth

\$M

Annual Revenue



Quarterly Revenue



Gross Margin Expansion Driven by Scale and Efficiency

17

\$M



Note: Represents Non-GAAP GM; Q1'24 represents LTM

Gross Margin Drivers



*Efficiency = Hosting, IT, Implementation, Support

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Best-in-Class GTM Efficiency

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Alkami Sales & Marketing as a % of Revenue



Software Universe Source: Evercore; n = 149

- Long-term contract structure reduces annual GTM motion
- Alkami average client retention of 97% - 98%
- 2026E reflects continued growth in S&M spend related to bank market expansion and increased product depth
- Historical high sales team productivity and GTM efficiency; LTM increase in ARR to S&M expense is 1.4x, among the best in SaaS
- Continued GTM efficiency driven by cross-sale success and upsell opportunities from user growth among our existing client base

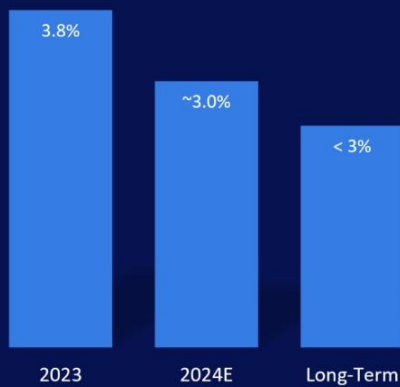
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Clear Path to Manage Equity Dilution

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Equity Dilution



2024E based on management-issued guidance as of May 1, 2024

Long-term based on previously issued expectation of mid-20% revenue growth and Adj. EBITDA margin of 20% by 2026

Includes impact of forfeitures

Using equity as a strategic element to drive executive and shareholder alignment

Actively managing the use of equity compensation and the resulting SBC and shareholder dilution

Key drivers include:

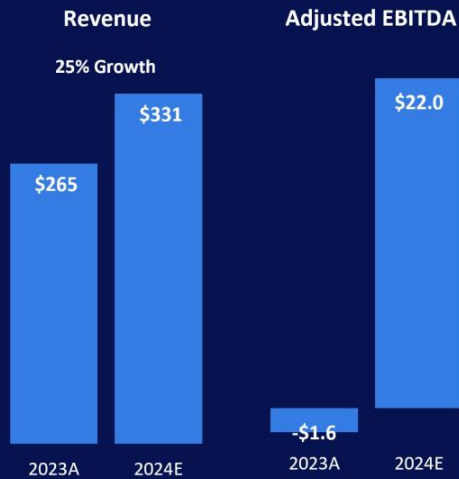
- Operating leverage
- Compensation mix: salary, variable cash, equity
- Vesting duration
- Controlled headcount expansion
- Headcount mix, including locations and levels

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2024 Financial Guidance

\$M



2024E reflects midpoint of management guidance provided May 1, 2024

- Second quarter 2024 revenue guidance of \$80.5 million to \$82 million, and adjusted EBITDA guidance of \$2.8 million to \$3.8 million
- Full year 2024 revenue guidance of \$328.5 million to \$333 million representing 24% to 26% growth and Adj EBITDA guidance of \$20.5 million to \$23.5 million
- Revenue growth driven by continued new client expansion, existing user growth and ARPU expansion
- Adj EBITDA growth driven by continued scale and efficiencies in operating costs
- Second quarter expected to be modestly lower than the first quarter of the year, consistent with seasonality of second-quarter expenses



Attractive Long-Term Profile

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Expect substantial margin improvement through scale, product mix and operational efficiency

Non-GAAP	2020	2021	2022	2023	Q1'24	2026 Target
Gross Margin	53%	57%	57%	59%	62%	65%
Operating Expenses (as % of Revenue)						
Research & Development	35%	30%	28%	26%	25%	
Sales & Marketing	15%	15%	16%	16%	16%	
General & Administrative	26%	27%	23%	19%	17%	
Operating Expenses	76%	73%	67%	61%	57%	
Adjusted EBITDA	(21)%	(14)%	(9)%	(1)%	5%	20%

Note: Non-GAAP; columns may not sum due to rounding

Note: Sales & Marketing Expense to Revenue peaks in the second quarter due to our annual client conference

Selected Historical Data

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	2020	2021	2022	2023	Q1'24
Digital banking platform clients	151	177	199	236	244
<i>Growth %</i>		17%	12%	19%	18%
Digital banking platform users (M)	9.7	12.4	14.5	17.5	18.1
<i>Growth %</i>		28%	18%	20%	20%
Live ARR (\$M)	\$ 128.0	\$ 169.0	\$ 226.1	\$ 291.0	302.7
<i>Growth %</i>		32%	34%	29%	26%
RPU	\$ 13.22	\$ 13.68	\$ 15.55	\$ 16.63	16.71
<i>Growth %</i>		3%	14%	7%	5%
RPO (\$M)	\$ 510	\$ 652	\$ 893	\$ 1,140	1,195
<i>Growth %</i>		28%	37%	28%	32%

Note: Segmint acquisition completed second quarter 2022

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Non-GAAP Reconciliations

(\$000s)

Revenues	FY20 ¹	FY21	FY22	FY23	Q1'23	Q1'24
GAAP total revenues	\$ 112,142	\$ 152,159	\$ 204,270	\$ 264,831	\$ 59,996	\$ 76,127
Annual Recurring Revenue (ARR)	\$ 127,987	\$ 169,049	\$ 226,096	\$ 291,049	\$ 240,050	\$ 302,659
Registered Users	9,680	12,355	14,536	17,502	15,119	18,113
Revenue per Registered User (RPU)	\$ 13.22	\$ 13.68	\$ 15.55	\$ 16.63	\$ 15.88	\$ 16.71
GAAP cost of revenues	\$ 52,986	\$ 68,352	\$ 95,946	\$ 120,720	\$ 27,858	\$ 32,095
Amortization	(118)	(704)	(4,358)	(6,579)	(1,599)	(1,775)
Stock-based compensation expense	(369)	(1,973)	(4,389)	(5,584)	(1,146)	(1,178)
Non-GAAP cost of revenues	52,499	65,675	87,199	108,557	25,113	29,142

¹The Company has reclassified certain referenced fiscal year 2020 amounts to conform to current period presentation

Non-GAAP Reconciliations

(\$000s)

	FY20 ¹	FY21	FY22	FY23	Q1'23	Q1'24
Gross Margin						
GAAP gross margin	52.8%	55.1%	53.0%	54.4%	53.6%	57.8%
Amortization	0.1%	0.4%	2.2%	2.5%	2.6%	2.3%
Stock-based compensation expense	0.3%	1.3%	2.1%	2.1%	1.9%	1.6%
Non-GAAP gross margin	53.2%	56.8%	57.3%	59.0%	58.1%	61.7%
Operating Expenses						
GAAP R&D expense	\$ 40,209	\$ 48,800	\$ 69,329	\$ 84,661	\$ 20,549	\$ 22,820
Stock-based compensation expense	(417)	(2,915)	(11,398)	(15,995)	(3,775)	(3,998)
Non-GAAP R&D expense	39,792	45,885	57,931	68,666	16,774	18,822
GAAP sales and marketing expense	\$ 16,683	\$ 24,174	\$ 36,811	\$ 48,557	\$ 10,878	\$ 13,843
Stock-based compensation expense	(147)	(1,028)	(4,042)	(7,220)	(1,590)	(2,031)
Non-GAAP sales and marketing expense	16,536	23,146	32,769	41,337	9,288	11,812
GAAP general and administrative expense	\$ 36,436	\$ 50,398	\$ 71,247	\$ 72,900	\$ 17,111	\$ 19,315
Stock-based compensation expense	(1,021)	(8,619)	(24,763)	(22,432)	(4,733)	(6,345)
Expenses related to tender offer	(6,091)	-	-	-	-	-
Non-GAAP general and administrative expense	29,324	41,779	46,484	50,468	12,378	12,970

Non-GAAP Reconciliations

(\$000s)

Net Loss	FY20 ¹	FY21	FY22	FY23	Q1'23	Q1'24
GAAP net loss	\$ (56,645)	\$ (47,099)	\$ (58,600)	\$ (62,913)	\$ (16,963)	\$ (11,433)
Convertible preferred stock deemed and accrued dividends	5,290	277	-	-	-	-
Provision (benefit) for income taxes	-	172	(461)	44	196	189
(Gain) loss on financial instruments	15,818	3,035	200	(534)	(210)	(112)
Amortization	209	1,072	5,513	8,014	1,959	2,134
Stock-based compensation expense	1,954	14,535	44,592	51,231	11,244	13,552
Expenses related to tender offer	6,091	-	-	-	-	-
Acquisition-related expenses, net	839	2,983	(12,529)	263	186	60
Non-GAAP net loss	(26,444)	(25,025)	(21,285)	(3,895)	(3,588)	4,390
Adjusted EBITDA	FY20	FY21	FY22	FY23	Q1'23	Q1'24
GAAP net loss	\$ (51,355)	\$ (46,822)	\$ (58,600)	\$ (62,913)	\$ (16,963)	\$ (11,433)
Provision (benefit) for income taxes	-	172	(461)	44	196	189
(Gain) loss on financial instruments	15,818	3,035	200	(534)	(210)	(112)
Interest (income) expense, net	434	699	1,154	(711)	31	(1,009)
Depreciation and amortization	2,775	3,443	8,075	10,631	2,586	2,562
Stock-based compensation expense	1,954	14,535	44,592	51,231	11,244	13,552
Expense related to tender offer	6,091	-	-	-	-	-
Acquisition-related expenses, net	839	2,983	(12,529)	263	186	60
Loss on extinguishment of debt	-	-	18	409	-	-
Adjusted EBITDA	(23,444)	(21,955)	(17,551)	(1,580)	(2,930)	3,809

¹The Company has reclassified certain referenced fiscal year 2020 amounts to conform to current period presentation

