

Introduction

Choosing a long-term technology partner for mission-critical banking infrastructure is a serious decision, and the diligence behind it deserves clear, accessible information. This CFO Report is built for the customer and prospect teams doing that work.

As a complement to our financial reporting as a public company, this CFO Report aims to provide a summary of our financial results, including an understanding of our current financial position and recent trends. It's designed to address and bring additional simplicity to frequently asked financial questions from our customers & prospects and their respective risk and procurement teams and is a supplement to (and not a replacement for) our financial reports, which are all available on the Investor Relations portion of our website and in our filings with the SEC.

Thank you for your continued trust in Q2.

Sincerely,
Jonathan Price, CFO

Jonathan Price

From the Desk of the CFO

Q2 Holdings, Inc. entered 2026 with positive momentum and increasing financial health. Our 1Q'26 results delivered continued confirmation of that strength. We continued to grow profitability on a GAAP basis, expanded our Adjusted EBITDA margins¹ as we continued to mix toward higher margin revenue streams while maintaining operating discipline, and generated robust free cash flow¹. Our financial position is defined by scale, stability, and simplicity: a high-quality recurring revenue base, durable cash generation, and a strong balance sheet that enables strategic flexibility.

The vast majority of our revenue is recurring in nature, underpinned by our long-term relationships with customers who use our platform to power mission-critical digital

transformation. This recurring base reflects both the stability of our model and the trust we've built with our customers over time.

Importantly, we're not just growing. We are doing so with discipline. We believe that our \$379 million in cash and investments, along with zero drawn on our \$125 million revolver, as of March 31, 2026, positions us well to pay off our remaining convertible note at maturity in the second quarter and continue investing in innovation for our customers and partners. Our performance this quarter, as disclosed in our quarterly Form 10-Q filed with the SEC, reflects our ongoing commitment to operational excellence, strategic clarity, and the long-term success of our customers.

Key Metrics vs. Prior Quarter

Metric	1Q 2026	4Q 2025
Revenue	\$216.5M	\$208.2M
Net Income	\$26.6M	\$20.4M
Adjusted EBITDA ¹	\$60.0M	\$51.2M
Total ARR	\$944.9M	\$921.4M
Subscription ARR	\$802.3M	\$780.1M
Operating Cash Flow (Last 12mos)	\$214.3M	\$201.5M
Free Cash Flow (Last 12mos) ¹	\$179.7M	\$173.4M
Cash & Investments	\$378.9M	\$432.7M
Debt Outstanding	\$304.0M	\$304.0M
Revolver Drawn	\$0	\$0

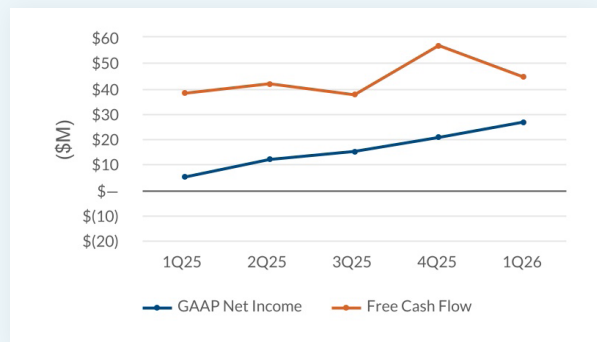
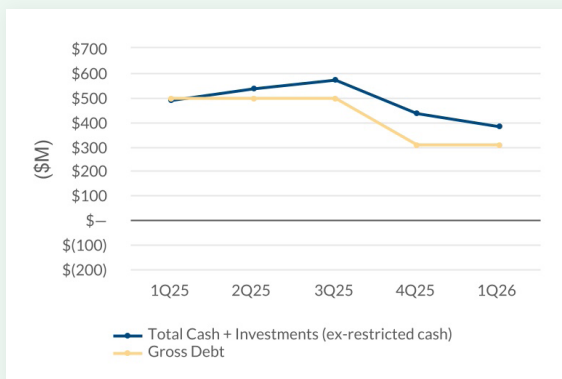
¹ Adjusted EBITDA and free cash flow are non-GAAP financial measures. See the GAAP to non-GAAP reconciliations on the final page of this document. Non-GAAP measures should be considered as a supplement to, not a substitute for, results reported under GAAP.

Key Financial Charts

Strong Liquidity and Cash Balances

Although cash levels have declined over the past couple of quarters due to the maturing of debt and share repurchases in the open market, Q2 continues to generate strong free cash flow and maintain its focus on disciplined capital management.

As of March 31, 2026, our \$379 million in cash, combined with an undrawn \$125 million revolver, give us liquidity and strategic flexibility. With our remaining convertible notes maturing in the second quarter, we remain confident in our ability to meet that obligation with cash on hand.

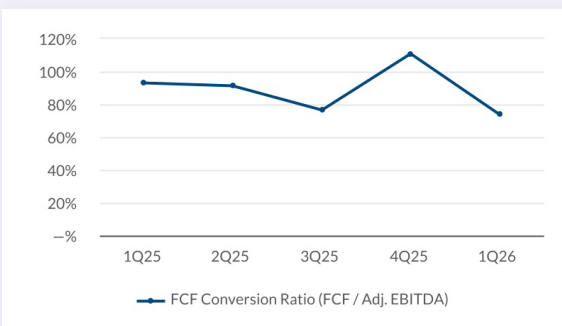


Earnings Continue to Grow While Profitability Strengthens

Q2's trajectory shows sustained and growing GAAP profitability, underscoring the strength of our business model. This earnings momentum reinforces our ability to invest with confidence to deliver innovation while maintaining long-term financial resilience.

Free Cash Flow Conversion Remains Strong Over Time

Q2 has demonstrated a strong free cash flow (FCF) conversion rate over time, reflecting disciplined working capital management and the operational efficiency of a recurring revenue model at scale. Quarterly conversion can vary due to the timing of annual compensation cycles, particularly in the first quarter.



GAAP Net Income to Adjusted EBITDA Reconciliation

The reconciliation below illustrates how Q2 Holdings derives Adjusted EBITDA from 1Q'26 GAAP net income. Management believes that this non-GAAP financial measure is a useful measure of operating performance.

Item	Amount
GAAP Net Income	\$26.6M
+ Stock-Based Compensation (non-cash)	\$20.3M
+ Depreciation & Amortization (non-cash)	\$11.7M
+ Transaction-related costs	\$0.3M
+ Lease & Restructuring Charges	\$0.2M
+ Provision for Income Taxes	\$3.1M
+ Interest and Other Income, net	\$(2.2)M
Adjusted EBITDA¹	\$60.0M

¹ Adjusted EBITDA and free cash flow are non-GAAP financial measures. See the GAAP to non-GAAP reconciliations on the final page of this document. Non-GAAP measures should be considered as a supplement to, not a substitute for, results reported under GAAP.

Strategic Customer Base

As of March 31, 2026, Q2 supports over 1,200 strategic customers, spanning top-tier financial institutions, regional banks, credit unions, and FinTechs across the U.S. Our revenue remains well diversified, with no single customer accounting for a material portion of revenue, reflecting a balanced roadmap and broad applicability. This reach has allowed us to design a platform that serves a wide range of use cases, whether for retail or commercial banking, or for institutions seeking to deepen relationships with loan-only customers.



Note: Data as of December 31, 2025. Customer counts represent the number of unique customers with signed contracts utilizing each respective set of solutions and are non-additive, as a single customer may be included in multiple solution cohorts when adopting multiple solutions. Cross-sell opportunity represents the estimated annual recurring revenue we believe can be generated from existing customers through the adoption of additional solutions, based on the customers and solutions currently in place. ¹Growth contribution percentages reflect the mix of annual incremental digital banking platform revenue generated during fiscal years 2024 and 2025 attributable to new digital banking platform customer wins and expansion within existing digital banking customer relationships and do not represent total Company net-new customer additions across all solutions.

Looking Ahead

As we continue to execute our strategy, we remain focused on delivering long-term value for our customers. We operate from a foundation of predictability and strength, reinvesting in our solutions, our teams, and the outcomes our customers rely on. Our platform powers mission-critical banking experiences, and our long-standing relationships enable us to grow together.



Highly attractive and predictable business with a healthy balance sheet



Investing back in our customers and solutions



Mission-critical technology powering the digital transformation of financial services



Long-standing, strategic customer relationships allow us to grow alongside our customers

Reconciliation of GAAP to Non-GAAP Measures

	Three Months Ended March 31,	
	2026	2025
GAAP gross profit	\$ 127,914	\$ 100,990
Stock-based compensation	2,187	3,218
Amortization of acquired technology	4,349	5,505
Lease and other restructuring charges	-	144
Non-GAAP gross profit	<u>\$ 134,450</u>	<u>\$ 109,857</u>
Revenues	\$ 216,506	\$ 189,735
GAAP gross margin	59.1%	53.2%
Non-GAAP gross margin	<u>62.1%</u>	<u>57.9%</u>
GAAP sales and marketing expense	\$ 25,720	\$ 26,527
Stock-based compensation	(2,544)	(3,452)
Non-GAAP sales and marketing expense	<u>\$ 23,176</u>	<u>\$ 23,075</u>
GAAP research and development expense	\$ 41,880	\$ 37,853
Stock-based compensation	(4,146)	(4,042)
Non-GAAP research and development expense	<u>\$ 37,734</u>	<u>\$ 33,811</u>
GAAP general and administrative expense	\$ 32,187	\$ 32,322
Stock-based compensation	(11,388)	(10,298)
Non-recurring legal settlements	-	(1,750)
Non-GAAP general and administrative expense	<u>\$ 20,799</u>	<u>\$ 20,274</u>
GAAP operating income	\$ 27,689	\$ 2,189
Stock-based compensation	20,265	21,010
Transaction-related costs	250	-
Amortization of acquired technology	4,349	5,505
Amortization of acquired intangibles	-	93
Lease and other restructuring charges	188	2,150
Non-recurring legal settlements	-	1,750
Non-GAAP operating income	<u>\$ 52,741</u>	<u>\$ 32,697</u>
GAAP net income	\$ 26,639	\$ 4,753
Stock-based compensation	20,265	21,010
Transaction-related costs	250	-
Amortization of acquired technology	4,349	5,505
Amortization of acquired intangibles	-	93
Lease and other restructuring charges	188	2,150
Non-recurring legal settlements	-	1,750
Amortization of debt issuance costs	360	683
Tax adjustment	(10,384)	(8,481)
Non-GAAP net income	<u>\$ 41,667</u>	<u>\$ 27,463</u>
Weighted average common shares outstanding, diluted	<u>67,647</u>	<u>64,820</u>
GAAP net income per common share, diluted	\$ 0.40	\$ 0.07
Non-GAAP, net income per common share, diluted	<u>\$ 0.63</u>	<u>\$ 0.42</u>
Reconciliation of GAAP net income to adjusted EBITDA:		
GAAP net income	\$ 26,639	\$ 4,753
Stock-based compensation	20,265	21,010
Transaction-related costs	250	-
Depreciation and amortization	11,743	13,720
Lease and other restructuring charges	188	2,150
Non-recurring legal settlements	-	1,750
Provision for income taxes	3,114	487
Interest and other income, net	(2,167)	(3,160)
Adjusted EBITDA	<u>\$ 60,032</u>	<u>\$ 40,710</u>
Adjusted EBITDA margin	<u>27.7%</u>	<u>21.5%</u>

Reconciliation of Free Cash Flow

	Three Months Ended March 31,	
	2026	2025
Net cash provided by operating activities	\$ 56,321	\$ 43,531
Purchases of property and equipment	(6,597)	(785)
Capitalized software development costs	(5,514)	(4,914)
Free cash flow	<u>\$ 44,210</u>	<u>\$ 37,832</u>

Safe Harbor Statement

This presentation and the accompanying oral presentation contain forward-looking statements and information that are based on our management's beliefs and assumptions and on information currently available to our management. The statements and information contained in this presentation that are not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements about: continued execution across our key priorities; continued strength in our subscription model; continued demand for our solutions across our product areas; progress in our A.I. journey; bookings momentum; impacts and benefits of mergers and acquisitions among financial institutions; the competitive differentiation of our platform; the evolution and growth of fraud and resulting customer investments; alignment of our product portfolio with financial institution priorities; increases in contract terms; the ability of our products to deliver A.I. innovation and digital transformation for our customers; the advantages afforded by our solutions with increasing reliance on A.I.; the benefits and capabilities of our solutions, including Q2 Code and our fraud solutions; shifts in our revenue mix towards higher margin revenue; confidence in our financial projections; continued execution on our profitable growth strategy; our ability to sustain durable subscription revenue growth, drive operating leverage and prioritize effective capital allocation; expansion opportunities with our customer base; our strong pipeline, durable business model and clear strategy; our ability to invest in areas that matter most to our customers; and our quarterly and annual financial guidance and outlook.

Forward-looking statements include all statements that are not historical facts and can be identified by terms such as "anticipates," "believes," "could," "seeks," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "will," "would," "strategy," "future," "likely" or similar expressions and the negatives of those terms. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements represent our management's beliefs and assumptions only as of the date of this presentation. These statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. Factors that may cause such differences include, but are not limited to, the risks described in our earnings press release for the period ending March 31, 2026 and under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025 filed with the SEC on February 11, 2026, and those discussed in other documents we file and furnish with the SEC. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

This presentation includes references to adjusted EBITDA, which is a non-GAAP financial measure under SEC rules. We define adjusted EBITDA as net income before stock-based compensation, transaction-related costs, depreciation, amortization, lease and other restructuring charges, non-recurring legal settlements not in our ordinary course of business, provision for income taxes and interest and other (income) expense, net. This presentation also references free cash flow, which adjusts net cash provided by (used in) operating activities for purchases of property and equipment and capitalized software development costs. Management believes that these non-GAAP measures are useful measures of operating performance because they exclude items that we do not consider indicative of our core performance. However, these non-GAAP financial measures should be considered in addition to, not as a substitute for or superior to, the most directly comparable GAAP measure, or other financial measures prepared in accordance with GAAP. Our management uses these non-GAAP financial measures as a measure of operating performance; to prepare our annual operating budget; to allocate resources to enhance the financial performance of our business; to evaluate the effectiveness of our business strategies; to provide consistency and comparability with past financial performance; to facilitate a comparison of our results with those of other companies, many of which use similar non-GAAP financial measures to supplement their GAAP results; and in communication with our board of directors concerning our financial performance. A reconciliation to the closest GAAP measures of these non-GAAP measures is contained in tabular form at the end of this presentation.