

Q2

1st Quarter 2025 Results

May 7, 2025

Q2

Safe Harbor Statement

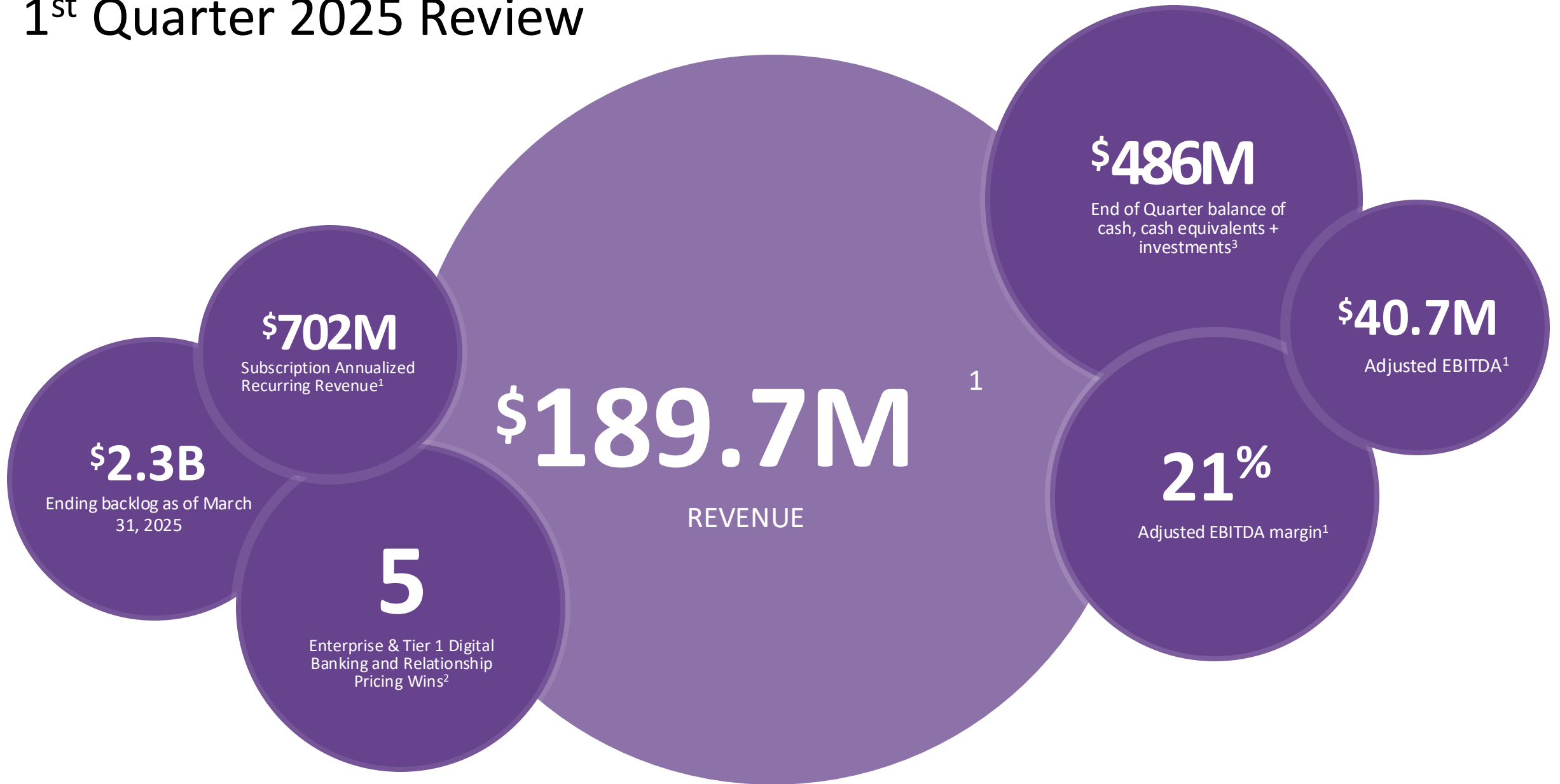
This presentation and the accompanying oral presentation contain forward-looking statements and information that are based on our management's beliefs and assumptions and on information currently available to our management. The statements and information contained in this presentation that are not purely 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, including statements about: the enduring value of our solutions to our customers; the criticality of our technology; our ability to cross-sell additional of our solutions to large customers of our solutions; the favorable demand environment for our solutions; our ability to compete and the strength of our reputation; the resilience and growth of our customers; the challenging market environment for our customers; our ability to maintain strong demand for our solutions amidst dynamic macroeconomic conditions; the continued strength of our financial model and performance; the opportunity for innovation studio and its market differentiation; the capabilities of and opportunities for our relationship pricing solutions, and our momentum and optimism regarding those solutions; the capabilities and success of and growth opportunity and demand for our risk and fraud solutions; our expansion opportunity with existing customers and momentum with new customer prospects; our position for continued success in 2025 and beyond, including as it relates to our backlog and subscription ARR growth; our updated three-year financial framework and targets; continued growth in subscription revenue; continued challenges and declines for professional services revenue; continued focus on higher margin revenue streams and profitable growth; our ability to execute against our financial targets over the next two years; the high level of visibility in our business model; our robust pipeline; our position to capitalize on market demand; our momentum and ability to deliver strong results in 2025 and beyond; our confidence in the future of our business; our highly differentiated solution set; our roadmap and customers' trust in us as a strategic partner; our visibility into continued sales momentum; our ability to build on our sales success; our position to deliver value to customers, employees and shareholders for 2025 and beyond; and, Q2's quarterly and annual financial guidance.

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, 2025 and under "Risk Factors" in our Annual Report on Form 10-K and those discussed in other documents we file and furnish with the SEC, including our Annual Report on Form 10-K. 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 (loss) before stock-based compensation, transaction-related costs, depreciation, amortization, lease and other restructuring charges, non-recurring legal settlements, provision for income taxes and interest and other (income) expense, net. There were no transaction-related costs in either of the three months ended March 31 2025 or 2024. This presentation also references non-GAAP gross margin and non-GAAP gross profit, which adjusts gross profit and gross margin for stock-based compensation, amortization of acquired technology, transaction-related costs, lease and other restructuring charges. 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. This presentation also references adjusted EBITDA margin, which is determined by dividing adjusted EBITDA by revenue. 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. A reconciliation of forward-looking adjusted EBITDA guidance used in this presentation to GAAP net income (loss) is not available without unreasonable effort due to the uncertainty regarding, and the potential variability of, certain of the adjustments required to calculate adjusted EBITDA that may be incurred in the future.

Unless otherwise indicated, all financial measures discussed in this presentation are presented on a non-GAAP basis.

1st Quarter 2025 Review



¹ For the first quarter ended March 31, 2025. ² Number of contracts signed with customers above \$5 billion in assets (Tier 1) and \$50B in assets (Enterprise) collectively, to utilize our digital banking or relationship pricing platforms, respectively, throughout the first quarter 2025. ³ As of March 31, 2025, excluding restricted cash from the calculation.

1st Quarter 2025 Results

		1Q25		1Q24
		Totals	Y/Y Change	Totals
GAAP	Revenue	\$189.7	15%	\$165.5
	Gross Profit	\$101.0	23%	\$82.3
	Net Income (Loss)	\$4.8	NM	(\$13.8)
Non-GAAP	Gross Profit	\$109.9	21%	\$90.9
	Adj EBITDA	\$40.7	61%	\$25.2

\$ in millions

We delivered strong results to start the year with solid performance across the business.

Our first quarter bookings performance was marked by significant renewals and expansion activity, demonstrating the enduring value of our solutions to our customers.

We believe the criticality of our technology, the breadth of our customer base, and our resilient business model—combined with a robust pipeline and strong renewal opportunity ahead — position us well to navigate and execute in the current market environment.

Matt Flake
Chairman & CEO

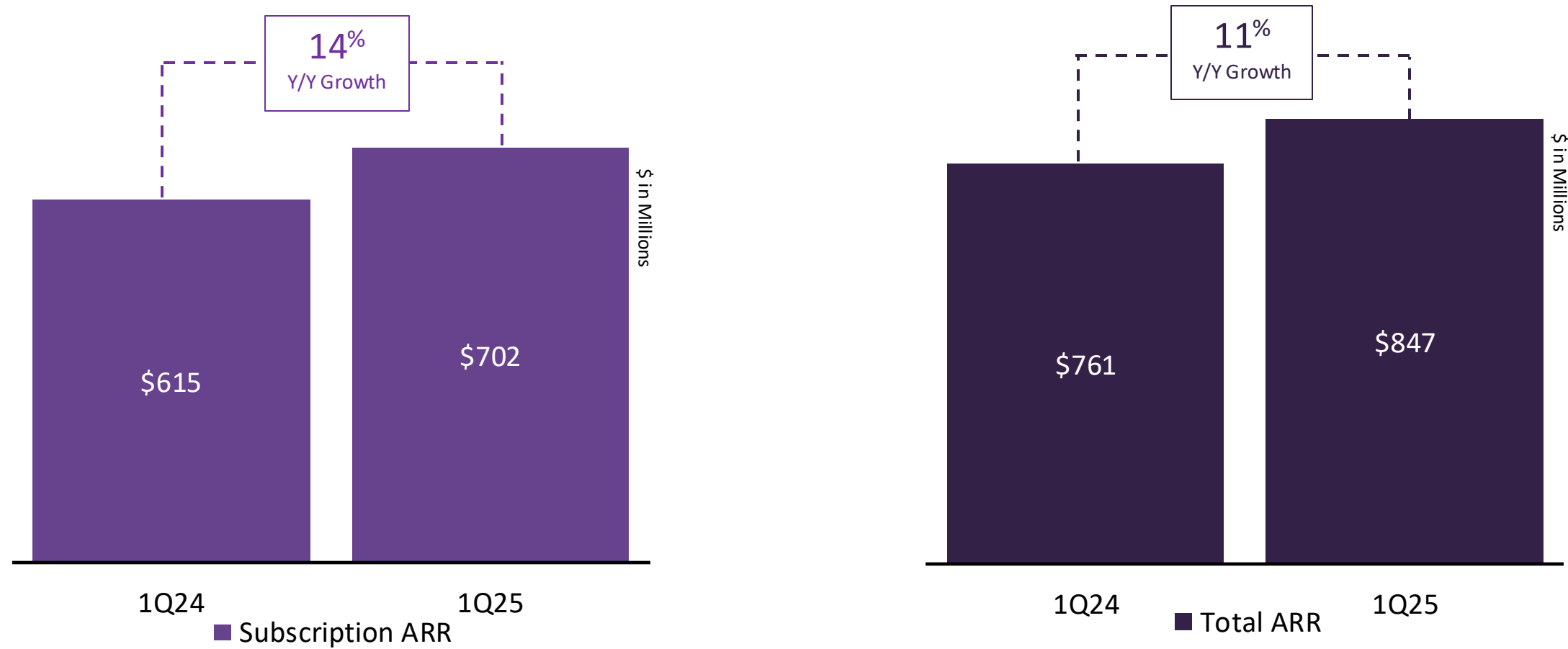


1st Quarter 2025 Highlights

New Customer Wins & Expansion Opportunities	Subscription ARR	Backlog
<div>5 Tier 1 & Enterprise Wins in the Quarter</div> <div><ul style="list-style-type: none">Signed five Tier 1 and Enterprise contracts in the quarter highlighted by:<ul style="list-style-type: none">An expansion agreement with an existing Enterprise customer, a Top 50 US bank, utilizing our risk and fraud solutions.A relationship pricing contract with a new Tier 1 customer.</div>	<div>\$702 million</div> <div>Subscription Annualized Recurring Revenue</div> <div>+14% Y/Y</div> <div>From \$615 million in 1Q24</div> <div><ul style="list-style-type: none">Subscription Annualized Recurring Revenue increased to \$702 million, up 14 percent year-over-year from \$615 million at the end of the first quarter of 2024.</div>	<div>\$2.3 billion</div> <div>Total Committed Backlog</div> <div>+20% Y/Y</div> <div>Compared to 1Q24</div> <div><ul style="list-style-type: none">Remaining Performance Obligation total, or Backlog, increased by \$74 million sequentially, resulting in total committed Backlog of approximately \$2.3 billion at quarter-end, representing 3 percent sequential growth and 20 percent year-over-year growth.</div>

Annualized Recurring Revenue

Subscription ARR growth of 14%; Total ARR growth continues to be impacted by declines in non-Subscription ARR



Subscription Annualized Recurring Revenue and Total Annualized Recurring Revenue (ARR) are defined in the appendix of this presentation.

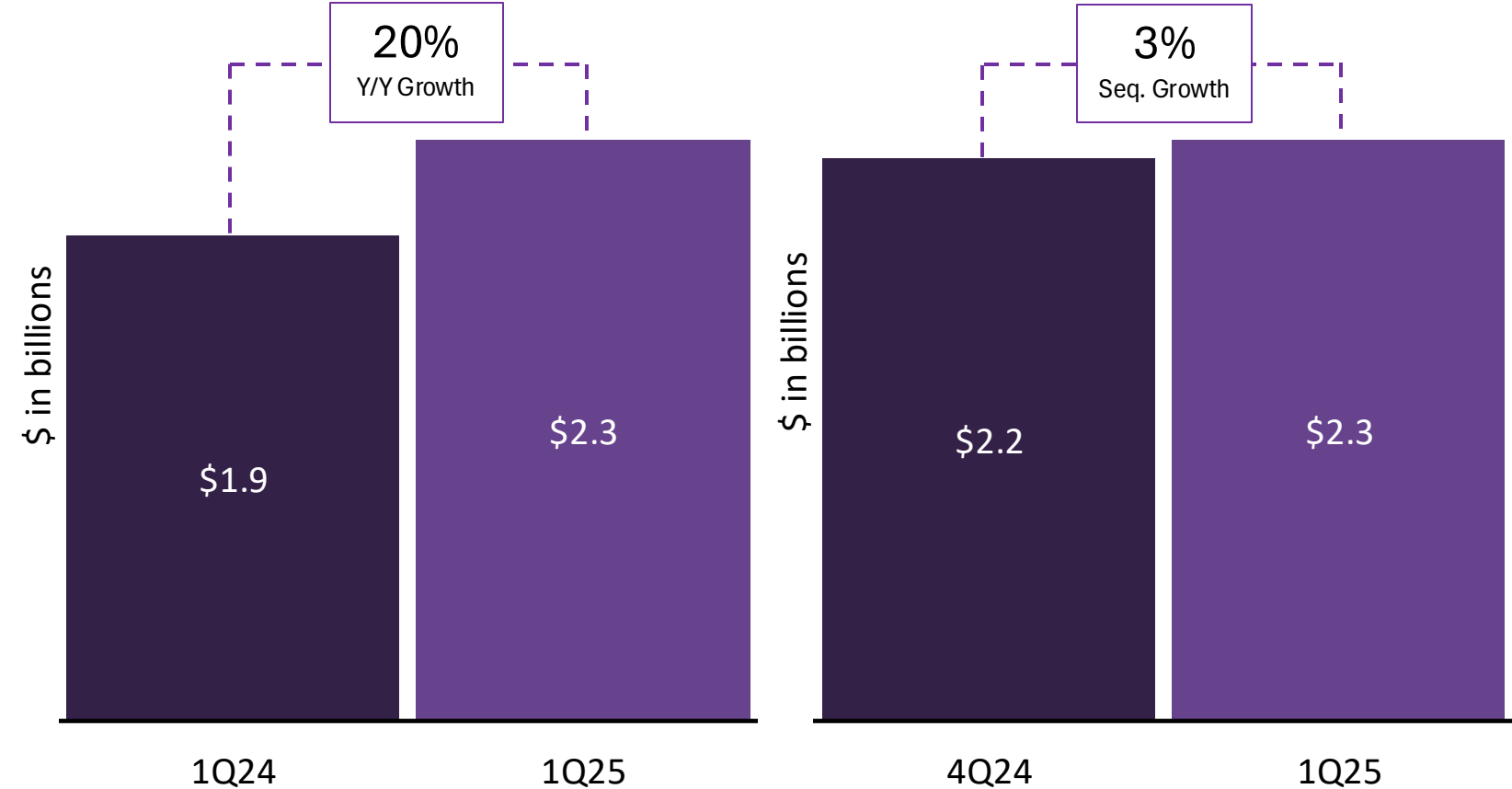
Remaining Performance Obligations (RPO, Backlog)

Continued strong year-over-year growth driven by net new and expansion-based bookings

\$2.3B

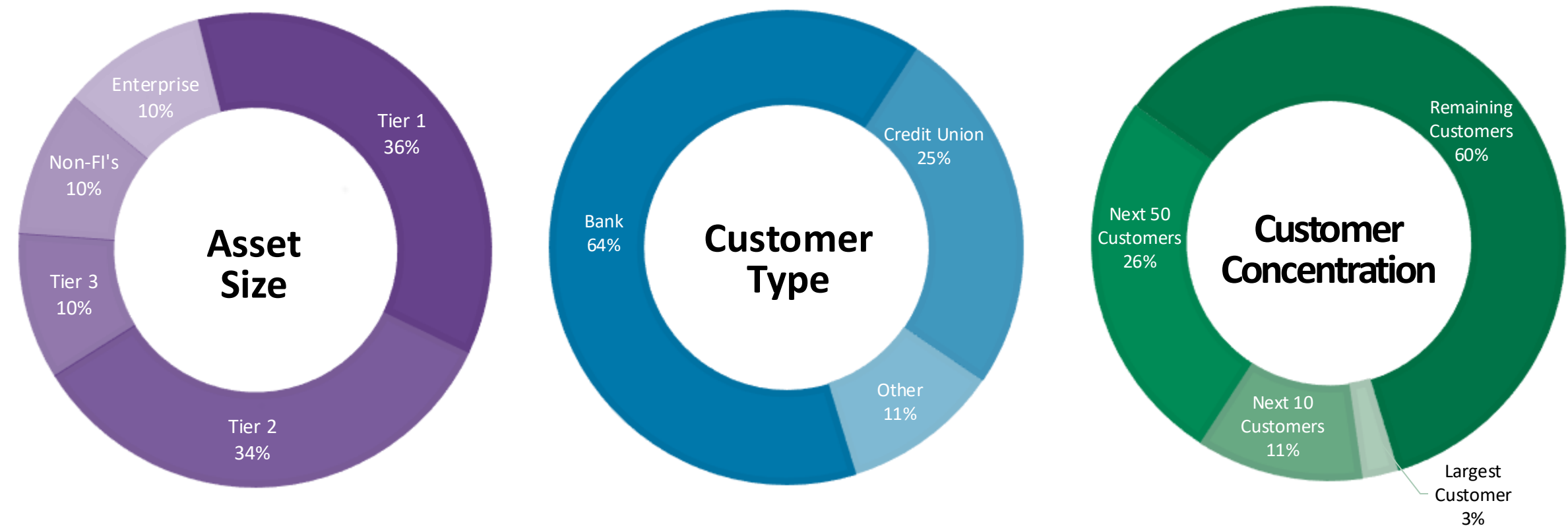
RPO Balance as of March 31, 2025

RPO Expected to be Recognized in the Next:	% of Total RPO Amount
24 months	54%
25-48 months	34%



Revenue Breakout

Diverse base of customers across asset size and customer type



Note: Data as of March 31, 2025. See "Customer Tiering" in the Appendix to this presentation for further information on how we define the various Tiers of our customers.

Financial Outlook

Represents 11% to 12% full year revenue growth and full year adjusted EBITDA margin of approximately 22%

2Q 2025

Full Year 2025

	Low	High		Low	High
Revenue	\$191.0	\$195.0		\$776.0	\$783.0
Adj EBITDA	\$41.0	\$44.0		\$170.0	\$175.0

\$ In Millions

\$ In Millions

As of May 7, 2025, Q2 Holdings is providing guidance for its second quarter of 2025 and full-year 2025, which represents Q2 Holdings’ current estimates on Q2 Holdings’ operations and financial results. The financial information above represents forward-looking, non-GAAP estimates of adjusted EBITDA financial information. GAAP net income (loss) is the most comparable GAAP measure to adjusted EBITDA. Adjusted EBITDA differs from GAAP net income (loss) in that it excludes items such as stock-based compensation, transaction-related costs, depreciation, amortization, lease and other restructuring charges, non-recurring legal settlements, provision for income taxes and interest and other (income) expense, net. Q2 Holdings is unable to predict with reasonable certainty the ultimate outcome of these exclusions without unreasonable effort. Therefore, Q2 Holdings has not provided guidance for GAAP net income (loss) or a reconciliation of the foregoing forward-looking adjusted EBITDA guidance to GAAP net income (loss). However, it is important to note that these excluded items could be material to our results computed in accordance with GAAP in future periods.

Financial Targets: 2024 - 2026

**Average Annual Subscription
Revenue Growth**

~15%

Strong demand driving an increasing mix of
subscription revenue

**Average Annual Adjusted
EBITDA Margin Expansion**

~360^{bps}

Driven by revenue mix and scaling both cost
of sales & operating expenses

**Free Cash Flow Conversion in
Full Year 2026**

>85%

Flexibility to service debt and have ample
cash to run the business

The forward-looking figures in this presentation represent Q2's long-term financial targets, may prove to be inaccurate, and do not constitute guidance. We define Free Cash Flow Conversion as Free Cash Flow as a percentage of adjusted EBITDA in a defined time period.

Appendix



Q2

Strong Visibility, Increasing Profitability, Expanding Opportunity

Long Runway to Sustain High Growth and Margin Expansion

+1,300

Total Customers¹

14%

YoY Growth in Subscription ARR²

+5 Years

Avg. Contract Length³

81%

Subscription revenue
as a % of Total⁴

460

Digital Banking Platform
Customers⁵

+15%

ASP increase over
last 5 years⁶

+26M

Registered End Users⁷

57%

Avg. Customer Contracted Revenue
Growth at 48 months⁸

\$20B Total Addressable Market⁹

¹ Total numbers of customers signed as of December 31, 2024. ² Subscription Annualized Recurring Revenue (ARR) growth as measured from the total balance of Subscription ARR on March 31, 2025 compared to the total balance of Subscription ARR on March 31, 2024. ³ For digital banking platform customers as of December 31, 2024. ⁴ Subscription revenue as a percentage of total company revenue for the first quarter of 2025. ⁵ Installed Digital Banking customers as of December 31, 2024. ⁶ Average Selling Price (ASP) is derived from Digital Banking Platform deals sold in full year 2024 compared to 2019. ⁷ Registered end users on our digital banking platform, as of March 31, 2025. ⁸ Based on digital banking platform customers that went live from 2013-2024. Growth of contracted recurring revenue by Q2 platform customers 48 months after implementation. ⁹ We believe our expanded solution offerings and the continued growth of our customer base and market opportunity have increased the addressable market for our solutions to greater than \$20.0 billion as discussed in our annual report on 10-K filed on February 12th, 2025. These forward-looking figures represent Q2's financial targets, may prove to be inaccurate, and do not constitute guidance.

Consolidated Balance Sheets

Q2 Holdings, Inc.
Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

	March 31, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 383,902	\$ 358,560
Restricted cash	1,575	2,233
Investments	102,147	88,066
Accounts receivable, net	62,597	42,084
Contract assets, current portion, net	6,370	7,888
Prepaid expenses and other current assets	21,729	23,512
Deferred solution and other costs, current portion	30,254	26,611
Deferred implementation costs, current portion	10,201	9,706
Total current assets	618,775	558,660
Property and equipment, net	28,025	31,528
Right of use assets	28,920	30,402
Deferred solution and other costs, net of current portion	28,300	28,116
Deferred implementation costs, net of current portion	27,403	26,408
Intangible assets, net	90,529	94,633
Goodwill	512,869	512,869
Contract assets, net of current portion and allowance	12,463	9,483
Other long-term assets	2,572	2,696
Total assets	<u>\$ 1,349,856</u>	<u>\$ 1,294,795</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 57,468	\$ 60,542
Convertible notes, current portion	190,514	190,331
Deferred revenues, current portion	174,094	137,700
Lease liabilities, current portion	10,084	10,327
Total current liabilities	432,160	398,900
Convertible notes, net of current portion	302,429	302,115
Deferred revenues, net of current portion	26,981	27,281
Lease liabilities, net of current portion	36,019	38,346
Other long-term liabilities	6,809	10,357
Total liabilities	804,398	776,999
Stockholders' equity:		
Common stock	6	6
Additional paid-in capital	1,206,649	1,183,893
Accumulated other comprehensive loss	(1,720)	(1,873)
Accumulated deficit	(659,477)	(664,230)
Total stockholders' equity	545,458	517,796
Total liabilities and stockholders' equity	<u>\$ 1,349,856</u>	<u>\$ 1,294,795</u>

Consolidated Statements of Comprehensive Loss

Q2 Holdings, Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(in thousands, except per share data)
(unaudited)

	Three Months Ended March 31,	
	2025	2024
Revenues	\$ 189,735	\$ 165,508
Cost of revenues ⁽¹⁾	88,745	83,256
Gross profit	100,990	82,252
Operating expenses:		
Sales and marketing	26,527	25,445
Research and development	37,853	34,862
General and administrative	32,322	30,176
Transaction-related costs	-	-
Amortization of acquired intangibles	93	4,828
Lease and other restructuring charges	2,006	1,126
Total operating expenses	98,801	96,437
Income (loss) from operations	2,189	(14,185)
Total other income, net	3,051	1,897
Income (loss) before income taxes	5,240	(12,288)
Provision for income taxes	(487)	(1,555)
Net income (loss)	\$ 4,753	\$ (13,843)
Other comprehensive income (loss):		
Unrealized gain (loss) on available-for-sale investments	(24)	126
Foreign currency translation adjustment	177	(321)
Comprehensive income (loss)	\$ 4,906	\$ (14,038)
Net income (loss) per common share		
Basic	\$ 0.08	\$ (0.23)
Diluted	\$ 0.07	\$ (0.23)
Weighted average common shares outstanding		
Basic	61,222	59,446
Diluted	64,820	59,446

⁽¹⁾ Includes amortization of acquired technology of \$5.5 million for each of the three months ended March 31, 2025 and 2024.

Consolidated Statements of Cash Flows

Q2 Holdings, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2025	2024
Cash flows from operating activities:		
Net income (loss)	\$ 4,753	\$ (13,843)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Amortization of deferred implementation, solution and other costs	6,961	6,411
Depreciation and amortization	13,720	17,523
Amortization of debt issuance costs	543	496
Amortization of premiums and discounts on investments	(301)	(371)
Stock-based compensation expense	21,010	20,801
Deferred income taxes	(2,042)	(269)
Other non-cash items	465	405
Changes in operating assets and liabilities:	(1,578)	(17,717)
Net cash provided by operating activities	43,531	13,436
Cash flows from investing activities:		
Net maturities (purchases) of investments	(13,805)	30,911
Purchases of property and equipment	(785)	(1,405)
Capitalized software development costs	(4,914)	(6,010)
Net cash provided by (used in) investing activities	(19,504)	23,496
Cash flows from financing activities:		
Proceeds from exercise of stock options	547	8,404
Net cash provided by financing activities	547	8,404
Effect of exchange rate changes on cash, cash equivalents and restricted cash	110	(189)
Net increase in cash, cash equivalents and restricted cash	24,684	45,147
Cash, cash equivalents and restricted cash, beginning of period	360,793	233,632
Cash, cash equivalents and restricted cash, end of period	<u>\$ 385,477</u>	<u>\$ 278,779</u>

Reconciliation of GAAP to Non-GAAP Measures

Q2 Holdings, Inc.
Reconciliation of GAAP to Non-GAAP Measures
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2025	2024
GAAP gross profit	\$ 100,990	\$ 82,252
Stock-based compensation	3,218	3,165
Amortization of acquired technology	5,505	5,504
Lease and other restructuring charges	144	7
Non-GAAP gross profit	<u>\$ 109,857</u>	<u>\$ 90,928</u>
Non-GAAP gross margin:		
Non-GAAP gross profit	\$ 109,857	\$ 90,928
Revenues	189,735	165,508
Non-GAAP gross margin	<u>57.9%</u>	<u>54.9%</u>
GAAP sales and marketing expense	\$ 26,527	\$ 25,445
Stock-based compensation	(3,452)	(3,871)
Non-GAAP sales and marketing expense	<u>\$ 23,075</u>	<u>\$ 21,574</u>
GAAP research and development expense	\$ 37,853	\$ 34,862
Stock-based compensation	(4,042)	(3,843)
Non-GAAP research and development expense	<u>\$ 33,811</u>	<u>\$ 31,019</u>
GAAP general and administrative expense	\$ 32,322	\$ 30,176
Stock-based compensation	(10,298)	(9,922)
Non-recurring legal settlements	(1,750)	-
Non-GAAP general and administrative expense	<u>\$ 20,274</u>	<u>\$ 20,254</u>
GAAP operating income (loss)	\$ 2,189	\$ (14,185)
Stock-based compensation	21,010	20,801
Amortization of acquired technology	5,505	5,504
Amortization of acquired intangibles	93	4,828
Lease and other restructuring charges	2,150	1,133
Non-recurring legal settlements	1,750	-
Non-GAAP operating income	<u>\$ 32,697</u>	<u>\$ 18,081</u>
Reconciliation of GAAP net income (loss) to adjusted EBITDA:		
GAAP net income (loss)	\$ 4,753	\$ (13,843)
Stock-based compensation	21,010	20,801
Depreciation and amortization	13,720	17,523
Lease and other restructuring charges	2,150	1,133
Non-recurring legal settlements	1,750	-
Provision for income taxes	487	1,555
Interest and other (income) expense, net	(3,160)	(1,936)
Adjusted EBITDA	<u>\$ 40,710</u>	<u>\$ 25,233</u>
Adjusted EBITDA margin	<u>21.5%</u>	<u>15.2%</u>

Reconciliation of Free Cash Flow

Q2 Holdings, Inc.
Reconciliation of Free Cash Flow
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2025	2024
Net cash provided by operating activities	\$ 43,531	\$ 13,436
Purchases of property and equipment	(785)	(1,405)
Capitalized software development costs	(4,914)	(6,010)
Free cash flow	<u>\$ 37,832</u>	<u>\$ 6,021</u>

Definitions

Adjusted EBITDA: We define adjusted EBITDA as net income (loss) before stock-based compensation, transaction-related costs, depreciation, amortization, lease and other restructuring charges, non-recurring legal settlements, provision for income taxes and interest and other (income) expense, net. We believe that adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results for the following reasons:

- adjusted EBITDA is widely used by investors and securities analysts to measure a company's operating performance with and without regard to items that can vary substantially from company to company depending upon their financing, capital structures and the method by which assets were acquired;
- our management uses adjusted EBITDA in conjunction with GAAP financial measures for planning purposes, in the preparation of our annual operating budget, as a measure of our operating performance, to assess the effectiveness of our business strategies and to communicate with our board of directors concerning our financial performance;
- adjusted EBITDA provides more consistency and comparability with our past financial performance, facilitates period-to-period comparisons of our operations and also facilitates comparisons with other companies, many of which use similar non-GAAP financial measures to supplement their GAAP results; and
- our investor and analyst presentations include adjusted EBITDA as a supplemental measure of our overall operating performance.

Contracted Revenue: We refer to contracted recurring revenue as being inclusive of all revenue recognized relating to contracted minimums in addition to variable revenue in excess of contracted amounts. Contracted revenue does not include revenue from professional services or other sources of revenue that are not deemed to be recurring in nature.

Customers: We define customers as individuals or entities that have purchased one or more of our products under a unique customer identification number since our inception and individuals or entities that are contracted for at least one of our products. Each unique customer identification number constitutes a separate customer regardless of the amount purchased.

Customer Tiering: For our financial institution customers, we may refer to their designated tiering, which we use to group customers based upon the total assets they report. We define “Enterprise” customers as having total assets equal to or greater than \$50 billion. We define “Tier 1” customers as having total assets equal to or greater than \$5 billion but less than \$50 billion. We define “Tier 2” customers as having total assets equal to or greater than \$1 billion but less than \$5 billion. We define “Tier 3” customers as having total assets less than \$1 billion. Total assets are reported by financial institutions to the FDIC or NCUA, as applicable, and are disclosed on a quarterly basis.

Definitions

Digital Banking Platform: Our digital banking platform allows financial institutions to offer a comprehensive and unified suite of digital banking services to their End Users. Our open platform architecture, deep integration with other systems and the multi-tenant aspects of our infrastructure, enable us to develop digital banking solutions that allow our customers to harness the power of the information within their other systems to gain greater insights and to improve the overall security of their End Users and themselves.

Digital Lending and Relationship Pricing Platforms: Refers to both our PrecisionLender and Symphonix platforms.

Free Cash Flow: In the case of free cash flow, we adjust net cash provided by (used in) operating activities for purchases of property and equipment and capitalized software development costs.

Installed Customers: We define Installed Customers as the number of live customers on our digital banking platforms.

PrecisionLender Platform: Our PrecisionLender platform is a cloud-based, data-driven sales enablement, pricing and portfolio management solution that allows financial institutions globally to structure and negotiate commercial lending, deposits and fee-based business transactions more effectively.

Registered Users: We define a registered user as an individual related to an account holder of an Installed Customer on our consumer Digital Banking Platform who has registered to use one or more of our digital banking solutions and has current access to use those solutions as of the last day of the reporting period presented.

Revenue: We define revenue as total revenue excluding the impact of purchase accounting. We monitor these measures to assess our performance because we believe our revenue growth rates would be understated without these adjustments. We believe presenting revenue aids in the comparability between periods and in assessing our overall operating performance.

Beginning in the year ended December 31, 2024, because there was no impact of purchase accounting on revenue, our non-GAAP total revenue is now equivalent to our GAAP total revenue, and we have therefore not reported non-GAAP total revenue.

Definitions

Subscription Annualized Recurring Revenue: We calculate Subscription ARR as the annualized value of all recurring subscription revenue recognized in the last month of the reporting period, with the exception of variable revenue in excess of contracted amounts for which we instead take the average monthly run rate of the trailing three months within that reporting period. Our Subscription ARR also includes the contracted minimum subscription amounts associated with all contracts in place at the end of the quarter for which revenue recognition has not yet commenced. Subscription revenues are defined within "Critical Accounting Policies and Significant Judgements and Estimates" in our Form 10-K. Subscription ARR is not a forecast of future revenue, which can be impacted by contract start and end dates and renewal rates. Subscription ARR should be viewed independently of revenue and deferred revenue as Subscription ARR is an operating metric and are not intended to be combined with or replace these items. Our use of Subscription ARR has limitations as an analytical tool, and investors should not consider it in isolation. Other companies in our industry may calculate Subscription ARR differently, which reduces their usefulness as comparative measures.

Symphonix: Previously referred to as Q2 Cloud Lending, CL, or Q2 Alt-Fi, this modular, end-to-end platform allows non-bank lenders to automate and digitize their lending activities, supporting cloud-based loan origination, loan servicing, collections and investor management applications globally, serving a wide range of industries.

Total Annualized Recurring Revenue: We calculate Total ARR as the annualized value of all recurring revenue recognized in the last month of the reporting period, with the exception of variable revenue in excess of contracted amounts for which we instead take the average monthly run rate of the trailing three months within that reporting period. Our Total ARR also includes the contracted minimums associated with all contracts in place at the end of the quarter for which revenue recognition has not yet commenced, and revenue generated from Integrated Services, which we previously referred to as Premier Services. Integrated Services revenue is generated from select established customer relationships where we have engaged with the customer for more tailored, premium professional services resulting in a deeper and ongoing level of engagement with them, which we deem to be recurring in nature. Total ARR does not include revenue from professional services or other sources of revenue that are not deemed to be recurring in nature. Total ARR is not a forecast of future revenue, which can be impacted by contract start and end dates and renewal rates. Total ARR should be viewed independently of revenue and deferred revenue as Total ARR is an operating metric and is not intended to be combined with or replace these items. Our use of Total ARR has limitations as an analytical tool, and investors should not consider it in isolation. Other companies in our industry may calculate Total ARR differently, which reduces their usefulness as comparative measures.