3rd Quarter 2024 Results

November 6, 2024

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 breadth, scalability and versatility of our platform and our ability to service financial institutions at various sates of their digital transformation; anticipated benefits to our customers of implementing our solutions; the strength of our products and our ability to win in digital banking with larger financial institutions; future mergers and acquisitions among financial institutions and the potential benefits to Q2; the strength and attractiveness of our platform; the sales pipeline for our relationship pricing solutions and their benefits to our customers; momentum in the enterprise space, including for our relationship pricing solutions; the strength and sophistication of our relationship pricing solution and the viability of our technology for financial institutions; our position to continue capitalizing on significant expansion opportunities with existing customers; the importance of Q2 Innovation Studio and its ability to drive customer acquisition, expansion activity and deeper engagement with our customers; the growing value of our product breadth to our customers; our land and expand strategy; our expansion opportunity and longer-term revenue potential with existing customers; the benefits and versatility of Q2 Fabric; our ability to capture the market opportunity in front of us; strong demand for our solutions; our CFO transition and the qualifications and abilities of our new CFO; the strength of our business model and solid execution; the success of our strategic shift to higher margin recurring revenue streams; the benefits from our progress on free cash flow generation, revenue growth and expanding margins; our three-year target financial framework and ability to attain them; the pace of revenue realization from expansion sales compared to net new deals; pressures on our professional services revenues; future backlog growth; our continued focus on operational efficiency and our ability to scale while maintaining our commitment to delivering best-in-class innovation; strength of our expansion-based bookings and successful new customer go-lives; anticipated full-year subscription revenue growth for 2025; the durability of our business model; our ability to deliver growth, profitability expansion and improved capital efficiency and to drive shareholder value; our competitive differentiation and our ability to capitalize on our opportunities; our ability to drive shareholder value with our strong product portfolio, solid sales execution, and profitable growth strategy; 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 quarter ending September 30, 2024 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. 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 loss before, as applicable for the period discussed, interest, taxes, depreciation and amortization, stock-based compensation, transaction-related costs, lease and other restructuring charges, gain on extinguishment of debt, deferred revenue reduction from purchase accounting. This presentation also references non-GAAP revenue, which excludes the impact of purchase accounting. This presentation also references non-GAAP gross profit, which adjusts GAAP gross margin to exclude the effects of stock-based compensation, amortization of acquired technology, transaction-related costs, lease and other restructuring charges, and deferred revenue reduction from purchase accounting. This presentation also references non-GAAP gross margin, which adjusts GAAP gross margin to exclude the effects of stock-based compensation, amortization of acquired technology, transaction-related costs, lease and other restructuring charges, and deferred revenue reduction from purchase accounting. 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 non-GAAP 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 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.

3rd Quarter 2024 Review

$175.0M
NON-GAAP REVENUE[4]

$655M
Subscription Annualized Recurring Revenue[1]

$2.0B
Ending backlog as of September 30, 2024

6
Enterprise & Tier 1 Digital Banking Platform and Relationship Pricing Wins[2]

$408M
End of quarter balance of cash, cash equivalents & investments[3]

$32.6M
Adjusted EBITDA[4]

19%
Adjusted EBITDA margin[4]

[1] Subscription Annualized Recurring Revenue as of September 30, 2024. [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 lending and relationship pricing platforms during the third quarter 2024. [3] As of September 30, 2024, excludes restricted cash. [4] For the third quarter ended September 30, 2024.

3rd Quarter 2024 Results

		3Q24		3Q23
		Totals	Y/Y Change	Totals
GAAP	Revenue	$175,021	13%	$154,967
	Gross Profit	$89,059	20%	$74,133
	Net Loss	($11,797)	*NM*	($23,167)
Non-GAAP	Revenue	$175,021	13%	$155,043
	Gross Profit	$97,964	17%	$83,599
	Adj EBITDA	$32,610	66%	$19,657

$ in thousands

We achieved solid bookings success across our business lines in the third quarter, highlighted by six Enterprise and Tier 1 deals, including three with Top 50 U.S. banks.

Additionally, our strong financial performance enabled us to reach our total revenue Rule of 30 target during the quarter.

We believe these results and our continued success in winning and expanding our relationships with financial institutions of all sizes reflects our position as a leader in the market.

Matt Flake
Chairman & CEO

3rd Quarter 2024 Highlights

New Customer Wins & Expansion Opportunities		SUBSCRIPTION REVENUE	BACKLOG
3 Tier 1 & Enterprise Digital Banking Platform	**3** Tier 1 & Enterprise Relationship Pricing Platform	**$655 million** Subscription Annualized Recurring Revenue	**$2.0 billion** Total Committed Backlog
		+20% Y/Y From $547 million in 3Q23	**+30% Y/Y** Compared to 3Q23

Digital Banking Platform

- Two new banks, one for Q2’s retail solutions, and the other to utilize its retail, SMB and commercial solutions.
- One Expansion with an Enterprise Bank, adding commercial solutions.

Relationship Pricing Platform

- Two new banks, highlighted by a Top 50 US bank.
- One Expansion with an Enterprise Bank, adding treasury pricing solutions.

Helix

- Signed a new contract with Envisant, to utilize our Fabric offering, which combines Helix's embedded finance platform with Q2's digital banking capabilities.

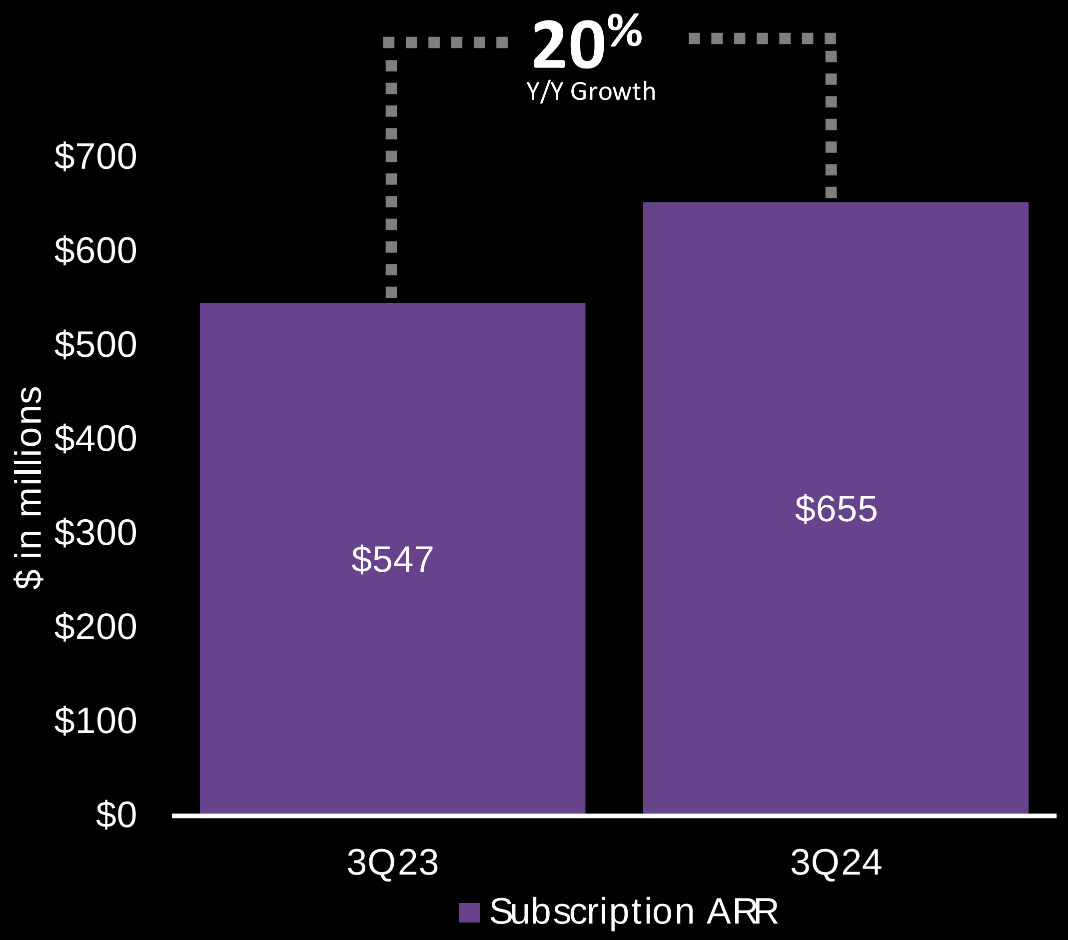
- Subscription Annualized Recurring Revenue increased to $655 million, up 20 percent year-over-year from $547 million at the end of the third quarter of 2023.

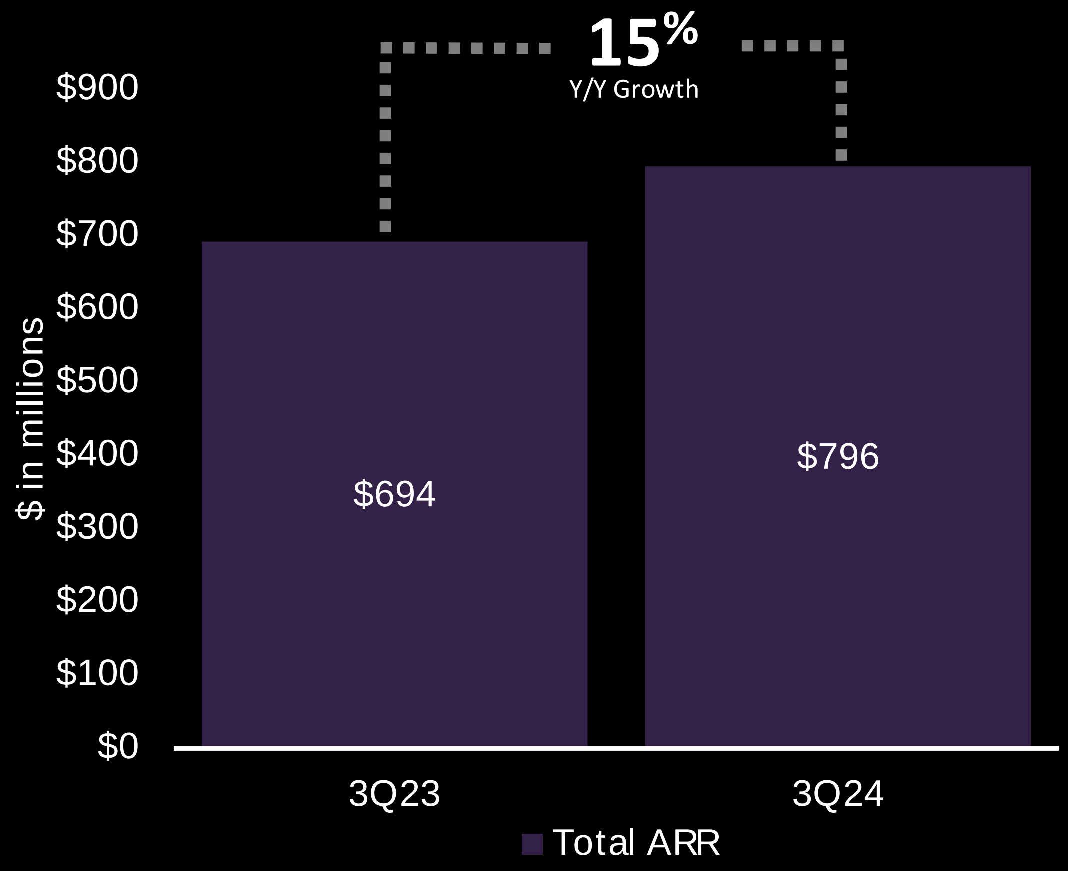
- Remaining Performance Obligation total, or Backlog, increased by $78 million sequentially, resulting in total committed Backlog of approximately $2.0 billion at quarter-end, representing 4 percent sequential growth and 30 percent year-over-year growth.

See the “Customer Tiering” and Subscription Annualized Recurring Revenue (Subscription ARR) definitions in the Appendix to this presentation.

Annualized Recurring Revenue

Year-over-year Subscription ARR growth of 20%; Total ARR growth impacted by continued pressure in non-Subscription ARR





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

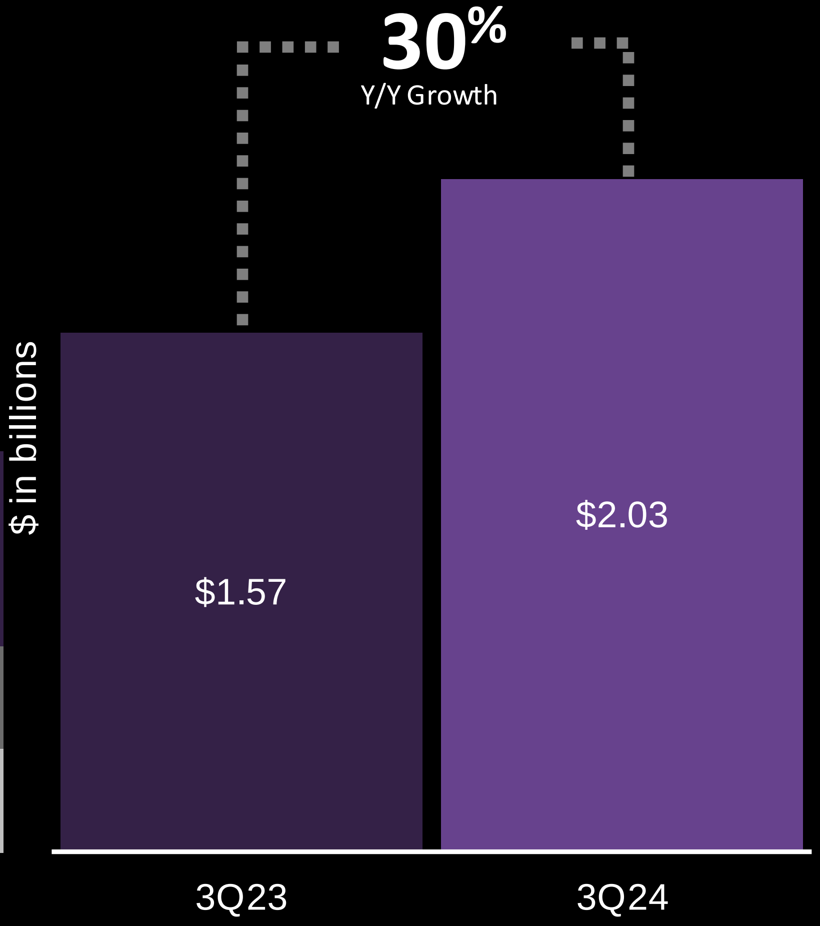
Remaining Performance Obligations (RPO, Backlog)

Record year-over-year dollar growth driven by net new and expansion-based bookings

$2.03B

RPO Balance as of September 30, 2024

RPO Expected to be Recognized in the Next:	% of Total RPO Amount
24 months	**53%**
25-48 months	**33%**



Remaining Performance Obligations, or "Backlog", represents contracted revenue minimums that have not yet been recognized, including amounts that are contracted to be invoiced and recognized as revenue in future periods.

Financial Outlook

Represents 11% full year Non-GAAP revenue growth; full year adjusted EBITDA margin of 18%

4Q 2024

	Low	High
Non-GAAP Revenue	$178.1	$181.1
Adj EBITDA	$34.3	$36.3

$ in millions

Full Year 2024

	Low	High
Non-GAAP Revenue	$691.5	$694.5
Adj EBITDA	$122.0	$124.0

$ in millions

As of November 6, 2024, Q2 Holdings is providing guidance for its fourth quarter of 2024 and full-year 2024, which represents Q2 Holdings' current estimates on Q2 Holdings' operations and financial results. The financial information above represents forward-looking, non-GAAP financial information, including estimates of non-GAAP revenue and adjusted EBITDA. GAAP net loss is the most comparable GAAP measure to adjusted EBITDA. Adjusted EBITDA differs from GAAP net loss in that it excludes items such as depreciation and amortization, stock-based compensation, transaction-related costs, interest and other (income) expense, income taxes, lease and other restructuring charges, gain on extinguishment of debt and the impact to deferred revenue from purchase accounting. 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 loss or a reconciliation of the foregoing forward-looking adjusted EBITDA guidance to GAAP net 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	Average Annual Adjusted EBITDA Margin Expansion	Free Cash Flow Conversion in Full Year 2026
~14%	**~300-400bps**	**>70%**
Strong demand driving an increasing mix of subscription revenue	Driven by revenue mix and scaling both cost of sales & operating expenses	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

Strong Visibility, Increasing Profitability, Expanding Opportunity

Long Runway to sustain High Growth and Margin Expansion

1,400+
Total Customers[1]

20%
Y/Y Growth in Subscription ARR[2]

5+ Years
Avg. Contract Length[3]

80%
Subscription revenue as a % of Total[4]

450
Digital Banking Platform Customers[5]

>110%
ASP increase over last 5 years[6]

24.4M
Registered End Users[7]

64%
Avg. Customer Contracted Revenue Growth at 48 months[8]

$17B Total Addressable Market[9]

Rule of

~30%

Y/Y Non-GAAP Revenue Growth + Adj EBITDA Margins[10]

Target Set in Early 2023, Achieved for Q3 2024

[1] Total numbers of customers signed as of December 31, 2023. [2] Subscription Annualized Recurring Revenue (ARR) growth as measured from the total balance of Subscription ARR on September 30, 2024 compared to the total balance of Subscription ARR on September 30, 2023. [3] For digital banking platform customers as of December 31, 2023. [4] Non-GAAP subscription revenue as a percentage of total company revenue for the third quarter of 2024. [5] Installed Digital Banking customers as of December 31, 2023. [6] Average Selling Price (ASP) is derived from Digital Banking Platform deals sold in full year 2023 compared to the prior five years. [7] Registered end users on our digital banking platform, as of September 30, 2024 . [8] Based on digital banking platform customers that went live from 2013-2023. 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 $17.0 billion as discussed in our annual report on 10-K filed on February 21st, 2024. [10] Represents Q2's targets for total non-GAAP revenue growth and Adjusted EBITDA Margin by late 2024. 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)

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 320,294	$ 229,655
Restricted cash	1,854	3,977
Investments	87,558	94,353
Accounts receivable, net	57,924	42,899
Contract assets, current portion, net	7,228	9,193
Prepaid expenses and other current assets	17,559	11,625
Deferred solution and other costs, current portion	24,256	27,521
Deferred implementation costs, current portion	9,666	8,741
Total current assets	526,339	427,964
Property and equipment, net	34,248	41,178
Right of use assets	31,055	35,453
Deferred solution and other costs, net of current portion	28,798	26,090
Deferred implementation costs, net of current portion	24,795	21,480
Intangible assets, net	101,147	121,572
Goodwill	512,869	512,869
Contract assets, net of current portion and allowance	10,072	12,210
Other long-term assets	3,492	2,609
Total assets	$ 1,272,815	$ 1,201,425
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 58,753	$ 62,404
Deferred revenues, current portion	141,267	118,723
Lease liabilities, current portion	10,784	10,436
Total current liabilities	210,804	191,563
Convertible notes, net of current portion	491,951	490,464
Deferred revenues, net of current portion	25,324	17,350
Lease liabilities, net of current portion	39,357	45,588
Other long-term liabilities	10,262	7,981
Total liabilities	777,698	752,946
Stockholders' equity:		
Common stock	6	6
Additional paid-in capital	1,160,098	1,075,278
Accumulated other comprehensive loss	(593)	(1,111)
Accumulated deficit	(664,394)	(625,694)
Total stockholders' equity	495,117	448,479
Total liabilities and stockholders' equity	$ 1,272,815	$ 1,201,425

Consolidated Statements of Comprehensive Loss

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues [1]	$ 175,021	$ 154,967	$ 513,419	$ 462,506
Cost of revenues [2]	85,962	80,834	255,281	241,248
Gross profit	89,059	74,133	258,138	221,258
Operating expenses:				
Sales and marketing	25,558	26,123	78,736	82,968
Research and development	36,901	34,542	107,522	103,063
General and administrative	31,495	28,084	92,954	79,903
Transaction-related costs	-	3	-	24
Amortization of acquired intangibles	4,776	5,250	14,392	15,764
Lease and other restructuring charges	3,129	3,303	5,222	7,576
Total operating expenses	101,859	97,305	298,826	289,298
Loss from operations	(12,800)	(23,172)	(40,688)	(68,040)
Total other income (expense), net [3]	3,263	1,011	7,892	22,238
Loss before income taxes	(9,537)	(22,161)	(32,796)	(45,802)
Provision for income taxes	(2,260)	(1,006)	(5,904)	(1,503)
Net loss	$ (11,797)	$ (23,167)	$ (38,700)	$ (47,305)
Other comprehensive income (loss):				
Unrealized gain on available-for-sale investments	383	423	560	1,285
Foreign currency translation adjustment	230	(470)	(42)	(307)
Comprehensive loss	$ (11,184)	$ (23,214)	$ (38,182)	$ (46,327)
Net loss per common share:				
Net loss per common share, basic and diluted	$ (0.20)	$ (0.40)	$ (0.65)	$ (0.81)
Weighted average common shares outstanding, basic and diluted	60,310	58,492	59,974	58,223

[1] Includes deferred revenue reduction from purchase accounting of zero and $0.1 million for the three months ended September 30, 2024 and 2023, respectively, and zero and $0.3 million for the nine months ended September 30, 2024 and 2023, respectively.

[2] Includes amortization of acquired technology of $5.5 million and $5.9 million for the three months ended September 30, 2024 and 2023, respectively, and $16.5 million and $17.6 million for the nine months ended September 30, 2024 and 2023, respectively.

[3] Includes a gain of $19.9 million related to the early extinguishment of a portion of our 2026 Notes and 2025 Notes for the nine months ended September 30, 2023.

Q2

Consolidated Statements of Cash Flows

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

	Nine Months Ended September 30,	
	2024	**2023**
Cash flows from operating activities:		
Net loss	$ (38,700)	$ (47,305)
Adjustments to reconcile net loss to net cash from operating activities:		
Amortization of deferred implementation, solution and other costs	19,851	19,184
Depreciation and amortization	52,819	53,764
Amortization of debt issuance costs	1,517	1,608
Amortization of premiums and discounts on investments	(852)	(2,791)
Stock-based compensation expense	69,456	59,819
Deferred income taxes	2,074	(120)
Gain on extinguishment of debt	-	(19,312)
Other non-cash items	1,231	4,186
Changes in operating assets and liabilities	(14,680)	(35,318)
Net cash provided by operating activities	92,716	33,715
Cash flows from investing activities:		
Net maturities of investments	8,208	102,559
Purchases of property and equipment	(5,253)	(4,568)
Capitalized software development costs	(17,589)	(19,322)
Net cash provided by (used in) investing activities	(14,634)	78,669
Cash flows from financing activities:		
Payment for maturity of 2023 convertible notes	-	(10,908)
Payment for repurchases of convertible notes	-	(149,640)
Proceeds from capped calls related to convertible notes	-	139
Debt issuance costs related to revolving credit agreement	(942)	-
Proceeds from the exercise of stock options and ESPP	11,448	4,322
Net cash provided by (used in) financing activities	10,506	(156,087)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(72)	(137)
Net increase (decrease) in cash, cash equivalents and restricted cash	88,516	(43,840)
Cash, cash equivalents and restricted cash, beginning of period	233,632	201,902
Cash, cash equivalents and restricted cash, end of period	$ 322,148	$ 158,062

Reconciliation of GAAP to Non-GAAP Measures

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
GAAP revenue	$ 175,021	$ 154,967	$ 513,419	$ 462,506
Deferred revenue reduction from purchase accounting	-	76	-	275
Non-GAAP revenue	$ 175,021	$ 155,043	$ 513,419	$ 462,781
GAAP gross profit	$ 89,059	$ 74,133	$ 258,138	$ 221,258
Stock-based compensation	3,010	3,373	9,575	10,323
Amortization of acquired technology	5,504	5,885	16,512	17,648
Lease and other restructuring charges	391	132	986	561
Deferred revenue reduction from purchase accounting	-	76	-	275
Non-GAAP gross profit	$ 97,964	$ 83,599	$ 285,211	$ 250,065
Non-GAAP gross margin:				
Non-GAAP gross profit	$ 97,964	$ 83,599	$ 285,211	$ 250,065
Non-GAAP revenue	175,021	155,043	513,419	462,781
Non-GAAP gross margin	56.0%	53.9%	55.6%	54.0%
GAAP sales and marketing expense	$ 25,558	$ 26,123	$ 78,736	$ 82,968
Stock-based compensation	(4,443)	(4,050)	(12,783)	(13,133)
Non-GAAP sales and marketing expense	$ 21,115	$ 22,073	$ 65,953	$ 69,835
GAAP research and development expense	$ 36,901	$ 34,542	$ 107,522	$ 103,063
Stock-based compensation	(4,735)	(3,908)	(13,203)	(11,691)
Non-GAAP research and development expense	$ 32,166	$ 30,634	$ 94,319	$ 91,372
GAAP general and administrative expense	$ 31,495	$ 28,084	$ 92,954	$ 79,903
Stock-based compensation	(12,136)	(9,778)	(33,895)	(24,672)
Non-GAAP general and administrative expense	$ 19,359	$ 18,306	$ 59,059	$ 55,231
GAAP operating loss	$ (12,800)	$ (23,172)	$ (40,688)	$ (68,040)
Deferred revenue reduction from purchase accounting	-	76	-	275
Stock-based compensation	24,324	21,109	69,456	59,819
Transaction-related costs	-	3	-	24
Amortization of acquired technology	5,504	5,885	16,512	17,648
Amortization of acquired intangibles	4,776	5,250	14,392	15,764
Lease and other restructuring charges	3,520	3,435	6,208	8,137
Non-GAAP operating income	$ 25,324	$ 12,586	$ 65,880	$ 33,627
Reconciliation of GAAP net loss to adjusted EBITDA:				
GAAP net loss	$ (11,797)	$ (23,167)	$ (38,700)	$ (47,305)
Deferred revenue reduction from purchase accounting	-	76	-	275
Stock-based compensation	24,324	21,109	69,456	59,819
Transaction-related costs	-	3	-	24
Depreciation and amortization	17,651	18,286	52,819	53,764
Lease and other restructuring charges	3,520	3,435	6,208	8,137
Provision for income taxes	2,260	1,006	5,904	1,503
Gain on extinguishment of debt	-	-	-	(19,869)
Interest and other (income) expense, net	(3,348)	(1,091)	(7,973)	(2,593)
Adjusted EBITDA	$ 32,610	$ 19,657	$ 87,714	$ 53,755
Adjusted EBITDA margin	18.6%	12.7%	17.1%	11.6%

Reconciliation of Free Cash Flow

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

	Nine Months Ended September 30,	
	2024	**2023**
Net cash provided by operating activities	$ 92,716	$ 33,715
Purchases of property and equipment	(5,253)	(4,568)
Capitalized software development costs	(17,589)	(19,322)
Free cash flow	$ 69,874	$ 9,825

Reconciliation of GAAP to Non-GAAP Revenue Guidance

Q2 Holdings, Inc.
Reconciliation of GAAP to Non-GAAP Revenue Outlook
(in thousands)

	Q4 2024 Outlook		Full Year 2024 Outlook	
	Low	High	Low	High
GAAP revenue	$ 178,100	181,100	$ 691,500	694,500
Deferred revenue reduction from purchase accounting	-	—	-	—
Non-GAAP revenue	$ 178,100	181,100	$ 691,500	694,500

Definitions

Adjusted EBITDA: We define adjusted EBITDA as net loss before depreciation, amortization, stock-based compensation, transaction-related costs, provision for income taxes, interest and other (income) expense, net, deferred revenue reduction from purchase accounting, gain on extinguishment of debt, and lease and other restructuring charges. 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 customers on live implementations (or installations) of our digital banking platforms.

Net Revenue Retention Rate: the total revenues in a calendar year, excluding any revenues from acquired customers during such year, from customers who were implemented on any of our solutions as of December 31 of the prior year, expressed as a percentage of the total revenues during the prior year from the same group of customers.

Non-GAAP Revenue: We define non-GAAP 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 non-GAAP revenue aids in the comparability between periods and in assessing our overall operating performance.

Prior to the fourth quarter of 2019, there was no impact of purchase accounting on revenue, so our non-GAAP total revenue was equivalent to our GAAP total revenue prior to that point. We do not anticipate any impact from purchase accounting in 2024 and beyond, so unless otherwise noted our non-GAAP total revenue will be equivalent to GAAP total revenue during throughout those periods.

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.

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.