2nd Quarter 2026 Results

July 29, 2026

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: the strength of our subscription model; demand for our solutions; our operating leverage trends; strong customer and prospect engagement; execution strength; the potential of our platform strategy; financial institution demand for modern technology, customer protection and AI adoption preferences; our land and expand strategy and opportunities; synergies between our solution offerings; commercial bank product needs and expectations and our ability to meet them; the trend for Q2 to benefit from mergers and acquisitions among financial institutions; the competitive strength of our solutions; our pipeline and sales momentum; the benefits and capabilities of Q2's AI offerings and customer demand therefor; the capabilities and benefits of our Q2 Assistant, Q2 Code and account takeover solutions; the demand and addressable market for our fraud solutions; the value of our platform as a system of context; operational and investment priorities of financial institutions; our balance sheet capacity and flexibility in capital allocation going forward; our confidence in the long-term value of our business; our commitment to allocating capital to deliver shareholder value; our focus on maintaining a healthy balance sheet and preserving flexibility for growth; our share repurchase activity; our ability to execute on our profitable growth strategy, balance investments, sustain durable subscription growth and drive operating leverage; customer engagement strength; our ability to execute against our strategy; 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 June 30, 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 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. This presentation also references non-GAAP operating income and non-GAAP net income, which adjusts operating income, for stock-based compensation, transaction-related costs, amortization of acquired technology, amortization of acquired intangibles, lease and other restructuring charges and non-recurring legal settlements not in our ordinary course of business, and with respect to non-GAAP net income, is additionally adjusted for amortization of debt issuance costs and the related tax effects of the adjustments above. The tax effect of non-GAAP adjustments is calculated based on the tax laws and statutory income tax rates applicable in the tax jurisdiction(s) of the underlying non-GAAP adjustment and considers the current and deferred tax impact of those adjustments. The Company is in a cumulative income position on a non-GAAP basis and has not recorded a valuation allowance against deferred tax assets in the non-GAAP tax provision. As a result, the non-GAAP tax expense may differ significantly from the GAAP tax expense. This presentation also references non-GAAP net income per common share, diluted, which divides non-GAAP net income by the diluted weighted average common shares outstanding. 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 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.

2nd Quarter 2026 Review

$826M

Subscription Annualized Recurring Revenue[1]

$2.8B

Ending backlog as of June 30, 2026

8

Tier 1 + Enterprise Wins[2]

$219.8M[1]

REVENUE

$106M

End of Quarter balance of cash, cash equivalents + investments[3]

$62.8M

Adjusted EBITDA[1]

28.6%

Adjusted EBITDA margin[1]

[1]For the second quarter ended June 30, 2026. [2]Number of contracts signed with customers above $5 billion in assets (Tier 1) and $50B in assets (Enterprise), throughout the second quarter 2026. [3]As of June 30, 2026, excluding restricted cash from the calculation.

2nd Quarter 2026 Results

		2Q26		2Q25
		Totals	Y/Y Change	Totals
GAAP	Revenue	$219.8	13%	$195.1
	Gross Profit	$130.2	25%	$104.6
	Net Income	$29.9	*154%*	$11.8
Non-GAAP	Gross Profit	$137.0	22%	$112.3
	Adj EBITDA	$62.8	37%	$45.8

$ in millions

We delivered another strong quarter of consistent execution, with solid bookings across our solution portfolio, while also delivering more than 500 basis points of adjusted EBITDA margin expansion from the prior year quarter.

Customers increasingly view Q2 as a strategic partner, evidenced by a top 25 U.S. bank that added relationship pricing this quarter to a partnership that already spans our commercial digital banking and risk and fraud solutions. That same platform breadth is what we believe positions us for the road ahead: extending AI and fraud innovation across our customer base, which was front and center at our largest CONNECT yet.

With a healthy pipeline entering the second half, we remain confident in our ability to execute and deliver long-term value.

Matt Flake
Chairman, President & CEO

2nd Quarter 2026 Highlights

New Customer Wins & Expansion Opportunities

8 Tier 1 + Enterprise Wins

- Signed eight Tier 1 + Enterprise contracts in the quarter highlighted by:
  - An expansion agreement with a Top 25 U.S. Enterprise bank to add our relationship pricing solutions, deepening the existing relationship with Q2.
  - A net new agreement with a Tier 1 bank for our retail and commercial digital banking solutions, won after the bank acquired an existing Q2 customer.
  - Expansion agreements with two Tier 1 banks to add our relationship pricing solutions, both of which are existing digital banking customers.

Additional Share Repurchase Authorization

- Board approved up to an additional $350 million of share repurchases bringing total currently available repurchase capacity to approximately $375 million.

Subscription ARR

$826 million

Subscription Annualized Recurring Revenue

+15% Y/Y

From $716 million in 2Q25

- Subscription Annualized Recurring Revenue increased to $826 million, up 15 percent year-over-year or $110 million from $716 million at the end of the second quarter of 2025.

Backlog

$2.8 billion

Total Committed Backlog

+17% Y/Y

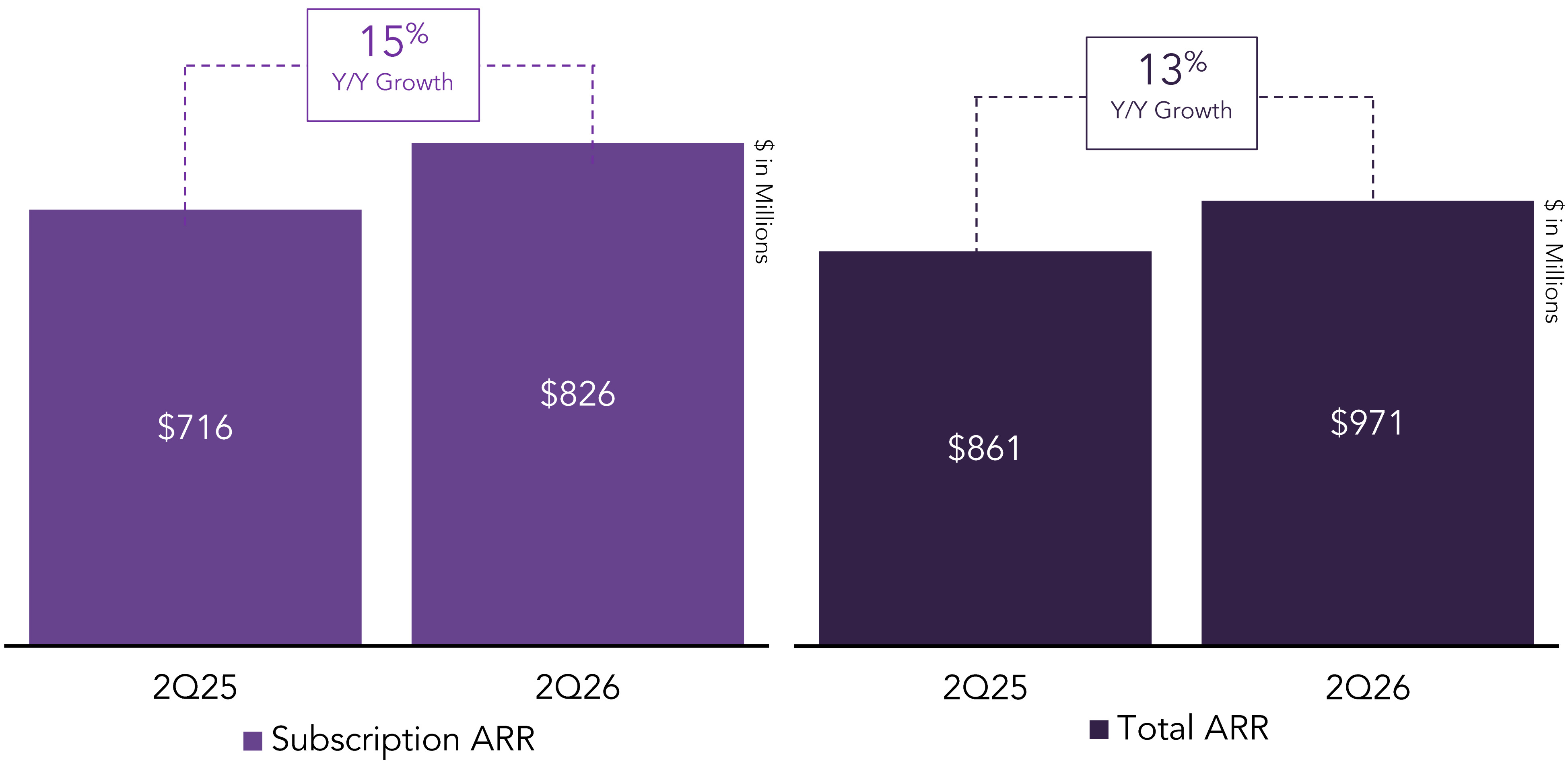
Compared to 2Q25

- Remaining Performance Obligation total, or Backlog, increased by $22 million sequentially, resulting in total committed Backlog of approximately $2.8 billion at quarter-end, representing 1 percent sequential growth and 17 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

Subscription ARR growth of 15%; 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.

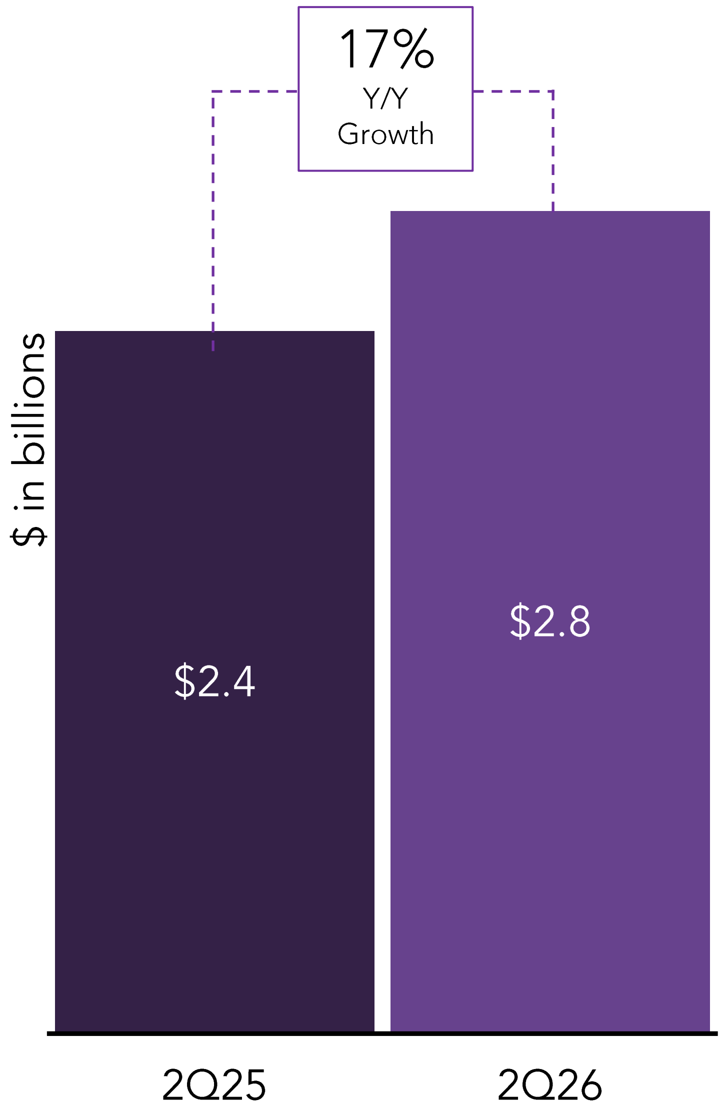
Remaining Performance Obligations (RPO, Backlog)

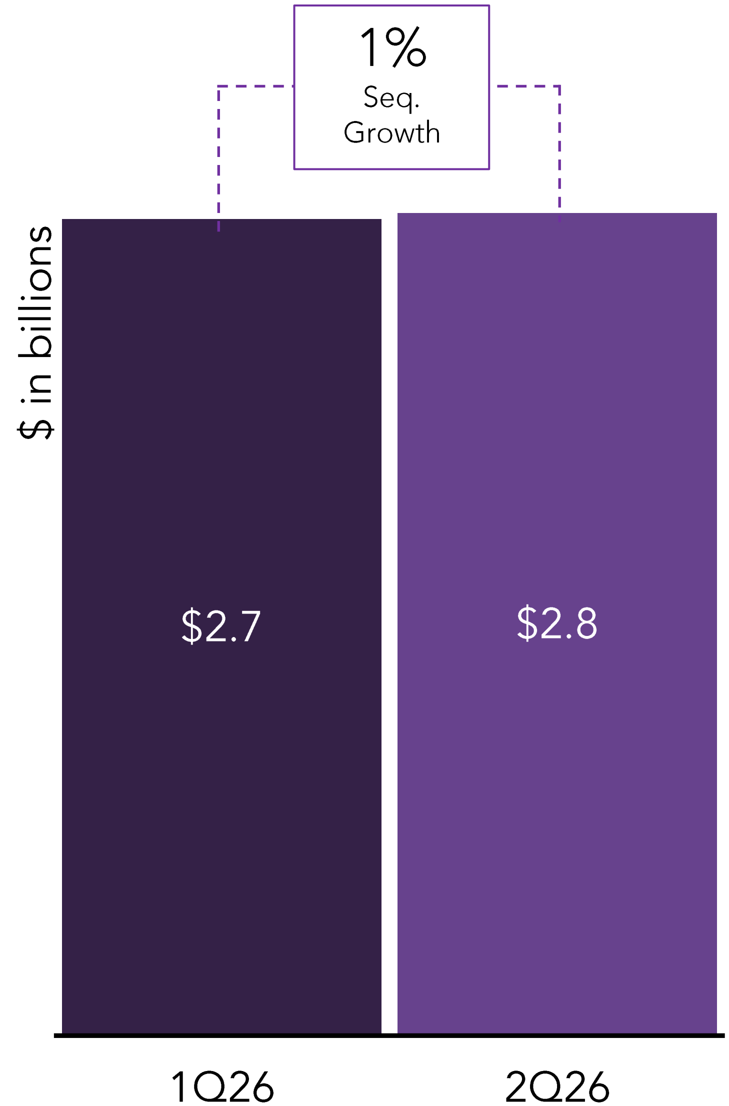
Continued solid year-over-year growth driven by new, expansion & renewal bookings

$2.8B

RPO Balance as of June 30, 2026

RPO Expected to be Recognized in the Next:	% of Total RPO Amount
24 months	**54%**
25-48 months	**33%**

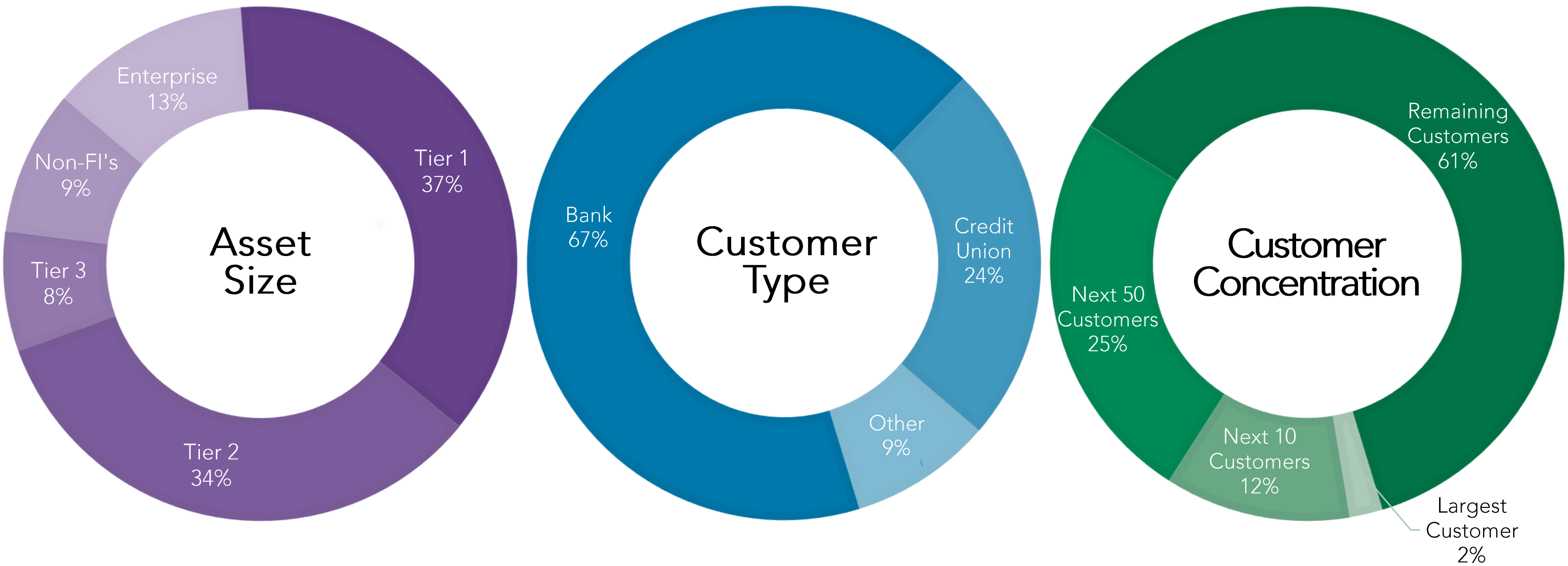




Remaining Performance Obligations, or "Backlog", represents contracted revenue minimums that have not yet been recognized, including amounts that are contracted to be invoiced and recognized as revenue in future periods.

Revenue Breakout

Diverse base of customers across asset size and customer type



Note: Data as of three months ended June 30, 2026. See "Customer Tiering" in the Appendix to this presentation for further information on how we define the various Tiers of our customers. Totals may not add to 100% due to rounding.

Financial Guidance

Represents 11% full-year revenue growth and full-year adjusted EBITDA margin of approximately 28%

	3Q 2026		Full-Year 2026	
	Low	High	Low	High
Revenue	$218.5	$222.5	$881.0	$886.0
Adj EBITDA	$58.5	$61.5	$244.0	$248.0

$ In Millions

$ In Millions

As of July 29, 2026, Q2 Holdings is providing guidance for its third quarter of 2026 and full-year 2026, 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 is the most comparable GAAP measure to adjusted EBITDA. Adjusted EBITDA differs from GAAP net income in that it excludes items such as 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. 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 or a reconciliation of the foregoing forward-looking adjusted EBITDA guidance to GAAP net income. 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 Outlook

Non-GAAP	FY'24A	FY'25A	FY'26 Current Outlook[1]
Subscription Revenue Growth	16.2%	17.2%	~14.5%
Gross Margin	56.0%	58.0%	~62%
Adj EBITDA Margin	18.0%	23.5%	~28%
Free Cash Flow Conversion	85.1%	93.0%	>90%

Financial Framework[2]

FY'27	FY'30
12.5% - 13% Subscription Revenue Growth	~65% Non-GAAP Gross Margin
150 - 200bps Adj EBITDA Margin Expansion	~35% Adj EBITDA Margin

[1]FY'26 current outlook reflects the Company's expectations for the full fiscal year 2026, including at least 14.5% subscription revenue growth, approximately 62% gross margin, and adjusted EBITDA margin of approximately 28%, which represents the midpoint of the Company's FY'26 adjusted EBITDA guidance provided on July 29, 2026.[2] Financial framework represents directional financial objectives and does not constitute guidance. FY'27 subscription revenue growth and adjusted EBITDA margin expansion represent preliminary objectives the Company targets to achieve for the full-year 2027. Gross and adjusted EBITDA margins represent annual performance objectives the Company is targeting to achieve by the end of FY'30. Forward-looking statements are subject to risks and uncertainties, and actual results may differ materially.

Appendix

Strong Visibility, Increasing Profitability, Expanding Opportunity

Long Runway to Sustain High Growth and Margin Expansion

>1,200 Total Customers[1]	15% YoY Growth in Subscription ARR[2]	>5 Years Avg. Contract Length[3]	83% Subscription Revenue as a % of Total[4]
5% Recurring Revenue Churn Rate[5]	>22% New Customer ASP Increase Y/Y[6]	~28M Registered End Users[7]	61% Avg. Customer Contracted Revenue Growth at 48 months[8]

$23B Total Addressable Market[9]

[1]Total numbers of customers signed as of December 31, 2025. [2]Subscription Annualized Recurring Revenue (ARR) growth as measured from the total balance of Subscription ARR on June 30, 2026 compared to the total balance of Subscription ARR on June 30, 2025. [3]For digital banking platform customers as of December 31, 2025. [4]Subscription revenue as a percentage of total company revenue for the second quarter ended June 30, 2026. [5]Recurring revenue churn for the full year 2025 as discussed in our 10-K filed on February 11, 2026. [6]Average Selling Price (ASP) is derived by assessing new Digital Banking Platform deals sold in full year 2025 compared to 2024. [7]Registered end users on our digital banking platform, as of June 30, 2026. [8]Based on digital banking platform customers that went live from 2013-2025. 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 $23 billion as discussed in our annual report on 10-K filed on February 11, 2026. 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)

	June 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 99,917	$ 367,631
Restricted cash	2,218	1,672
Investments	6,508	65,064
Accounts receivable, net	70,514	51,716
Contract assets, current portion, net	8,702	8,596
Prepaid expenses and other current assets	20,434	28,234
Deferred solution and other costs, current portion	25,206	22,631
Deferred implementation costs, current portion	10,972	10,508
Total current assets	244,471	556,052
Property and equipment, net	27,843	27,783
Right of use assets	26,754	27,188
Deferred solution and other costs, net of current portion	29,914	27,827
Deferred implementation costs, net of current portion	33,344	28,929
Intangible assets, net	73,446	78,377
Goodwill	512,869	512,869
Contract assets, net of current portion and allowance	16,144	14,103
Other long-term assets	3,633	3,149
Total assets	$ 968,418	$ 1,276,277
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 63,333	$ 76,799
Convertible notes, current portion	-	303,368
Deferred revenues, current portion	186,789	155,003
Lease liabilities, current portion	8,691	8,915
Total current liabilities	258,813	544,085
Deferred revenues, net of current portion	24,181	26,826
Lease liabilities, net of current portion	32,242	33,832
Other long-term liabilities	9,728	9,723
Total liabilities	324,964	614,466
Stockholders' equity:		
Common stock	6	6
Additional paid-in capital	1,201,853	1,275,980
Accumulated other comprehensive loss	(2,680)	(1,953)
Accumulated deficit	(555,725)	(612,222)
Total stockholders' equity	643,454	661,811
Total liabilities and stockholders' equity	$ 968,418	$ 1,276,277

Consolidated Statements of Comprehensive Income

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenues[1]	$ 219,765	$ 195,148	$ 436,271	$ 384,883
Cost of revenues[2]	89,565	90,584	178,157	179,329
Gross profit	130,200	104,564	258,114	205,554
Operating expenses:				
Sales and marketing	25,944	27,037	51,664	53,564
Research and development	41,115	36,914	82,995	74,767
General and administrative	33,068	31,034	65,255	63,356
Transaction-related costs	20	-	270	-
Amortization of acquired intangibles	-	-	-	93
Lease and other restructuring charges	712	(261)	900	1,745
Total operating expenses	100,859	94,724	201,084	193,525
Income from operations	29,341	9,840	57,030	12,029
Total other income, net	2,376	3,657	4,440	6,708
Income before income taxes	31,717	13,497	61,470	18,737
Provision for income taxes	(1,859)	(1,733)	(4,973)	(2,220)
Net income	$ 29,858	$ 11,764	$ 56,497	$ 16,517
Other comprehensive income:				
Unrealized loss on available-for-sale investments	(1)	(53)	(61)	(77)
Foreign currency translation adjustment	(44)	335	(666)	512
Comprehensive income	$ 29,813	$ 12,046	$ 55,770	$ 16,952
Net income per common share:				
Basic	$ 0.48	$ 0.19	$ 0.91	$ 0.27
Diluted	$ 0.46	$ 0.18	$ 0.87	$ 0.25
Weighted average common shares outstanding				
Basic	62,486	62,353	62,412	61,790
Diluted	65,420	69,642	66,666	64,963

[1] The following table disaggregates the Company's revenue by major source:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Subscription	$ 182,773	$ 158,422	$ 362,659	$ 312,711
Transactional	17,924	16,734	35,732	35,351
Services and Other	19,068	19,992	37,880	36,821
Total Revenues	$ 219,765	$ 195,148	$ 436,271	$ 384,883

[2] Includes amortization of acquired technology of $4.3 million and $5.5 million for the three months ended June 30, 2026 and 2025, respectively, and $8.7 million and $11.0 million for the six months ended June 30, 2026 and 2025, respectively.

Consolidated Statements of Cash Flows

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

	Six Months Ended June 30,	
	2026	**2025**
Cash flows from operating activities:		
Net income	$ 56,497	$ 16,517
Adjustments to reconcile net income to net cash from operating activities:		
Amortization of deferred implementation, solution and other costs	15,091	14,566
Depreciation and amortization	23,802	27,275
Amortization of debt issuance costs	721	1,086
Amortization of premiums and discounts on investments	(20)	(835)
Stock-based compensation expense	40,823	43,510
Deferred income taxes	(30)	(1,303)
Other non-cash items	(586)	146
Changes in operating assets and liabilities:	(19,323)	(8,790)
Net cash provided by operating activities	116,975	92,172
Cash flows from investing activities:		
Net maturities (purchases) of investments	58,630	(28,973)
Purchases of property and equipment	(8,301)	(2,095)
Capitalized software development costs	(13,479)	(10,549)
Net cash provided by (used in) investing activities	36,850	(41,617)
Cash flows from financing activities:		
Repurchases of common shares	(120,081)	-
Payment for maturity of convertible notes	(303,995)	-
Proceeds from exercise of stock options and ESPP	3,617	4,218
Net cash provided by (used in) financing activities	(420,459)	4,218
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(534)	451
Net increase (decrease) in cash, cash equivalents and restricted cash	(267,168)	55,224
Cash, cash equivalents and restricted cash, beginning of period	369,303	360,793
Cash, cash equivalents and restricted cash, end of period	$ 102,135	$ 416,017

Reconciliation of GAAP to Non-GAAP Measures

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

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
GAAP gross profit	$ 130,200	$ 104,564	$ 258,114	$ 205,554
Stock-based compensation	2,115	2,062	4,302	5,280
Amortization of acquired technology	4,347	5,504	8,696	11,009
Lease and other restructuring charges	333	173	333	317
Non-GAAP gross profit	$ 136,995	$ 112,303	$ 271,445	$ 222,160
Revenues	$ 219,765	$ 195,148	$ 436,271	$ 384,883
GAAP gross margin	59.2%	53.6%	59.2%	53.4%
Non-GAAP gross margin	62.3%	57.5%	62.2%	57.7%
GAAP sales and marketing expense	$ 25,944	$ 27,037	$ 51,664	$ 53,564
Stock-based compensation	(2,279)	(3,989)	(4,823)	(7,441)
Non-GAAP sales and marketing expense	$ 23,665	$ 23,048	$ 46,841	$ 46,123
GAAP research and development expense	$ 41,115	$ 36,914	$ 82,995	$ 74,767
Stock-based compensation	(4,152)	(4,161)	(8,298)	(8,203)
Non-GAAP research and development expense	$ 36,963	$ 32,753	$ 74,697	$ 66,564
GAAP general and administrative expense	$ 33,068	$ 31,034	$ 65,255	$ 63,356
Stock-based compensation	(12,012)	(12,288)	(23,400)	(22,586)
Non-recurring legal settlements	-	-	-	(1,750)
Non-GAAP general and administrative expense	$ 21,056	$ 18,746	$ 41,855	$ 39,020
GAAP operating income	$ 29,341	$ 9,840	$ 57,030	$ 12,029
Stock-based compensation	20,558	22,500	40,823	43,510
Transaction-related costs	20	-	270	-
Amortization of acquired technology	4,347	5,504	8,696	11,009
Amortization of acquired intangibles	-	-	-	93
Lease and other restructuring charges	1,045	(88)	1,233	2,062
Non-recurring legal settlements	-	-	-	1,750
Non-GAAP operating income	$ 55,311	$ 37,756	$ 108,052	$ 70,453
GAAP net income	$ 29,858	$ 11,764	$ 56,497	$ 16,517
Stock-based compensation	20,558	22,500	40,823	43,510
Transaction-related costs	20	-	270	-
Amortization of acquired technology	4,347	5,504	8,696	11,009
Amortization of acquired intangibles	-	-	-	93
Lease and other restructuring charges	1,045	(88)	1,233	2,062
Non-recurring legal settlements	-	-	-	1,750
Amortization of debt issuance costs	360	550	720	1,233
Tax adjustment	(11,184)	(8,380)	(21,568)	(16,861)
Non-GAAP net income	$ 45,004	$ 31,850	$ 86,671	$ 59,313
Weighted average common shares outstanding, diluted	65,420	69,642	66,666	64,963
GAAP net income per common share, diluted	$ 0.46	$ 0.18	$ 0.87	$ 0.25
Non-GAAP net income per common share, diluted	$ 0.70	$ 0.47	$ 1.32	$ 0.91
Reconciliation of GAAP net income to adjusted EBITDA:				
GAAP net income	$ 29,858	$ 11,764	$ 56,497	$ 16,517
Stock-based compensation	20,558	22,500	40,823	43,510
Transaction-related costs	20	-	270	-
Depreciation and amortization	12,059	13,555	23,802	27,275
Lease and other restructuring charges	1,045	(88)	1,233	2,062
Non-recurring legal settlements	-	-	-	1,750
Provision for income taxes	1,859	1,733	4,973	2,220
Interest and other income, net	(2,611)	(3,666)	(4,778)	(6,826)
Adjusted EBITDA	$ 62,788	$ 45,798	$ 122,820	$ 86,508
Adjusted EBITDA margin	28.6%	23.5%	28.2%	22.5%

Q2

Reconciliation of Free Cash Flow

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

	Six Months Ended June 30,	
	2026	**2025**
Net cash provided by operating activities	$ 116,975	$ 92,172
Purchases of property and equipment	(8,301)	(2,095)
Capitalized software development costs	(13,479)	(10,549)
Free cash flow	$ 95,195	$ 79,528

Definitions

Adjusted EBITDA: 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. 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.

Customer Accounts: Customer Accounts represent an organization or business entity with a contractual commitment for a specific Q2 solution, whether or not that solution is live, as of the last day of the reporting period presented. Because many customers have contractual commitments for multiple solutions, a single customer may be represented across multiple offerings; as a result, Customer Accounts by solution overlap and do not represent unique customers when aggregated.

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 associated with an account holder of a customer with an active consumer digital banking solution 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: 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. 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.