2nd Quarter 2024 Results

July 31, 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: continued strength in subscription bookings and revenue; improvement on profitability; the ability of our products to differentiated us in the market; the potential benefits of M&A in our customer base and the competitive benefits of our solutions in M&A scenarios; our expansion opportunity with our client base and the solutions we offer; the broad application of our pricing solutions; the strength of the demand environment and continued prioritization of technology investment by financial institutions; the benefits of the strength and diversity of our customer base, including the expansion opportunity and insulation it provides; our momentum; the benefits and prospects of Q2 Engage; customer focus on personalization and differentiation; our A.I. strategy, the benefits and capabilities it will bring, and customed demand therefor; the benefits and advantages of our Q2 Innovation Studio and our partner ecosystem and customer demand therefor; customer engagement; customer optimism regarding interest rates; future pressure on services revenues; future free cash flows; our financial targets, including our Rule of 30 Target; the benefits of our revolving credit facility and anticipated use thereof; our ability to pay off our existing convertible debt; 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 June 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.

2nd Quarter 2024 Review

$634M
Subscription Annualized Recurring Revenue[1]

$2.0B
Ending backlog as of June 30, 2024

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

$172.9M
NON-GAAP REVENUE

$372M
End of Quarter balance of cash, cash equivalents & investments[3]

$29.9M
Adjusted EBITDA[4]

17%
Adjusted EBITDA margin[4]

[1] Subscription Annualized Recurring Revenue as of June 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, respectively, throughout the second quarter 2024. [3] As of June 30, 2024. Excludes restricted cash. [4] For the second quarter ended June 30, 2024.

2nd Quarter 2024 Results

		2Q'24		2Q'23
		Totals	Y/Y Change	Totals
GAAP	Revenue	$172,890	12%	$154,531
	Gross Profit	$86,827	18%	$73,828
	Net Loss	($13,060)	*NM*	($23,622)
Non-GAAP	Revenue	$172,890	12%	$154,614
	Gross Profit	$96,319	15%	$83,800
	Adj EBITDA	$29,871	69%	$17,626

$ in thousands

We closed out the first half of the year with solid sales execution and delivered financial results.

We've had broad sales success for several consecutive quarters, highlighted by a mix of net new and expansion wins across our lines of business.

We believe our sustained performance not only demonstrates our competitive differentiation and a strong demand environment, but also the resilience of our customers and prospects in the current economic climate.

Matt Flake
Chairman & CEO

2nd Quarter 2024 Highlights

New Customer Wins & Expansion Opportunities		SUBSCRIPTION REVENUE	BACKLOG
4 Tier 1 Digital Banking Platform	**2** Tier 1 & Enterprise Relationship Pricing Platform	$634 million Subscription Annualized Recurring Revenue	$2.0 billion Total Committed Backlog
		+19% Y/Y From $533 million in Q2 '23	+28% Y/Y Compared to Q2 '23

Digital Banking Platform

- Two new banks, one to utilize Q2's retail, SMB and commercial solutions, with one also adding commercial in their initial agreement.
- Two expansion agreements with existing customers, resulting in both customers now utilizing retail, SMB and commercial solutions.

Relationship Pricing Platform

- Expansion win with an Enterprise bank to increase the utilization of Q2's relationship pricing platform, and the addition of the treasury pricing solutions.
- New Tier 1 bank to utilize the relationship pricing platform and treasury pricing solutions.

Helix

- Signed a multi-year renewal with a top-ten Helix customer.

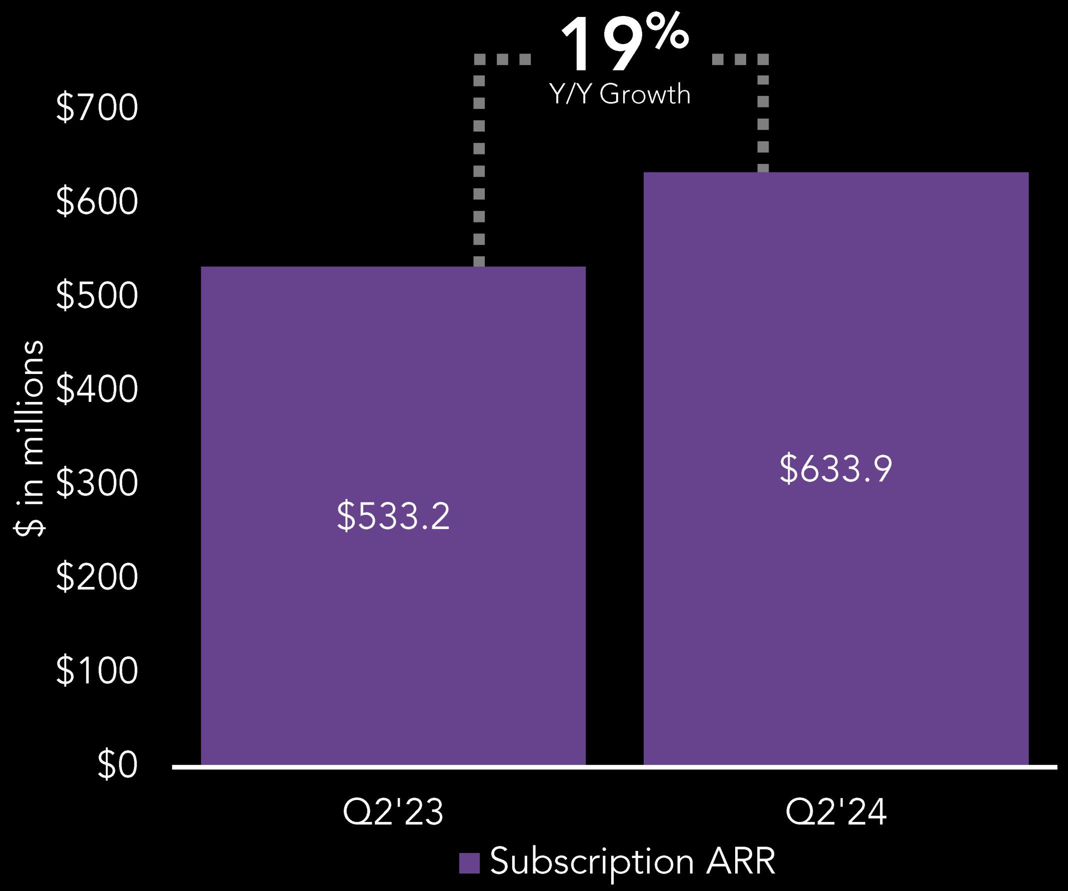
- Subscription Annualized Recurring Revenue increased to $634 million, up 19 percent year-over-year from $533 million at the end of the second quarter of 2023.

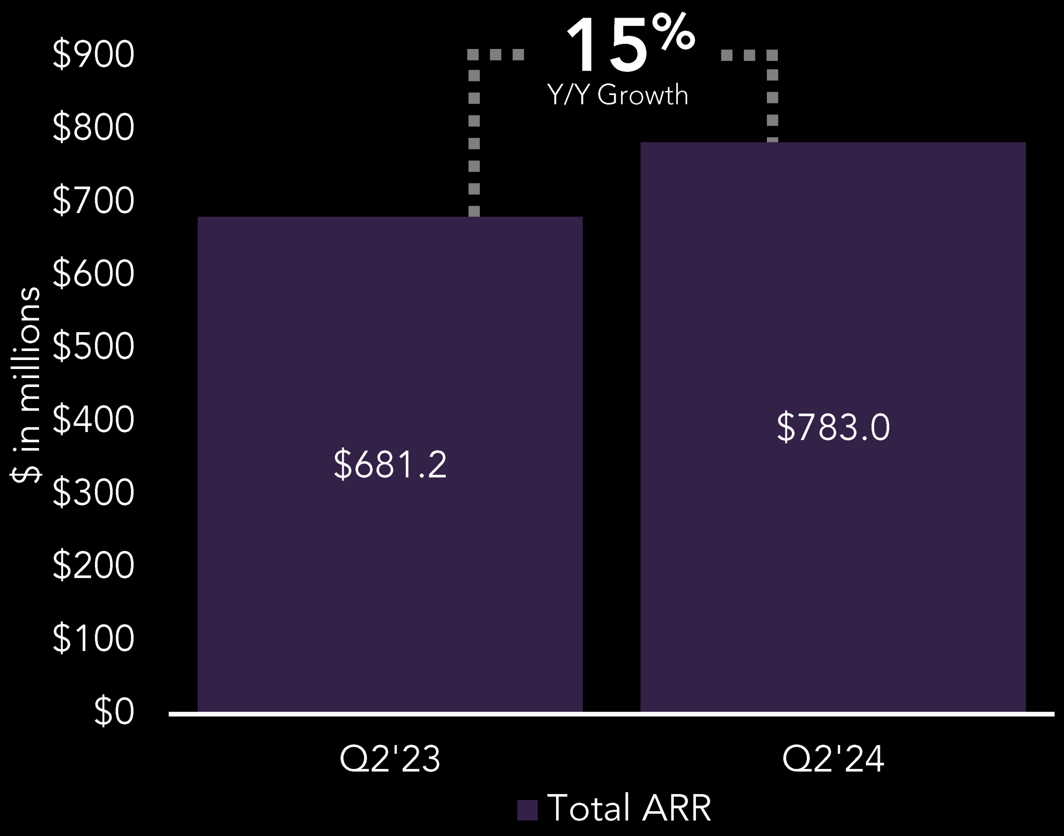
- Remaining Performance Obligation total, or Backlog, increased by $38 million sequentially, resulting in total committed Backlog of approximately $2.0 billion at quarter-end, representing 2 percent sequential growth and 28 percent year-over-year growth.

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 19%; 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.

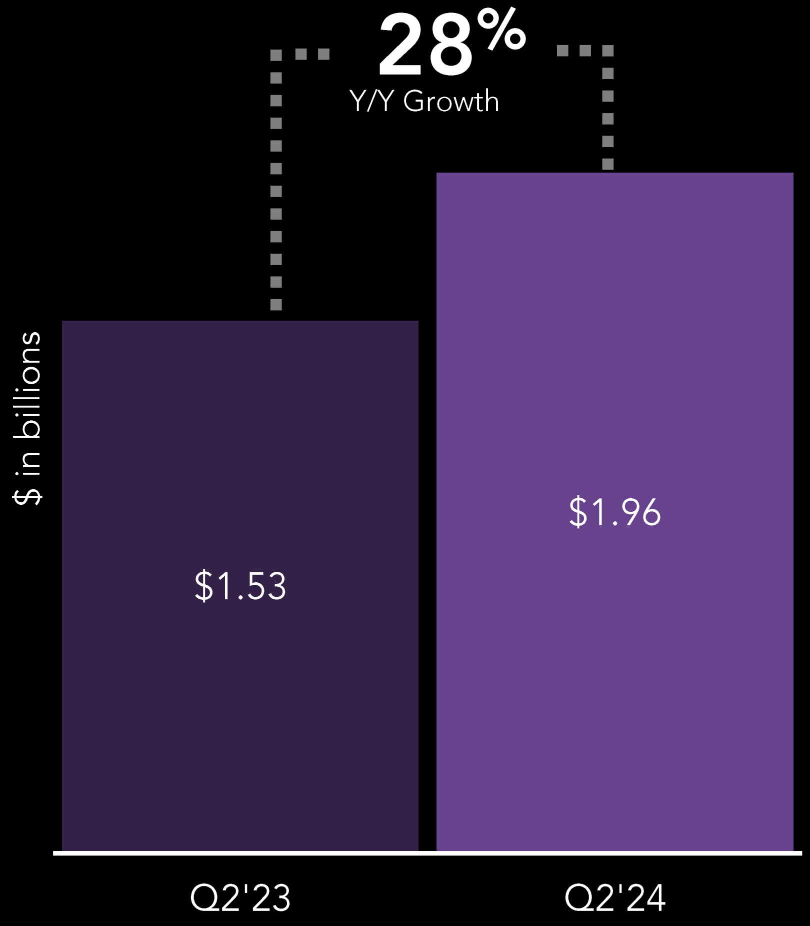
Remaining Performance Obligations (RPO, Backlog)

Record year-over-year growth in total dollars added, driven by net new and expansion-based bookings

$1.96B

RPO Balance as of June 30, 2024

RPO Expected to be Recognized in the Next:	% of Total RPO Amount
24 months	**53%**
25-48 months	**32%**



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 10% to 11% full year Non-GAAP revenue growth; full year adjusted EBITDA margin of 17%

	Q3 2024 Low	Q3 2024 High	Full Year 2024 Low	Full Year 2024 High
Non-GAAP Revenue	$171.5	$174.5	$688.5	$692.5
Adj EBITDA	$27.5	$29.5	$116.5	$119.5

$ in millions

As of July 31, 2024, Q2 Holdings is providing guidance for its third 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.

Appendix

Strong Visibility, Increasing Profitability, Expanding Opportunity

Long Runway to sustain High Growth and Margin Expansion

1,400+
Total Customers[1]

19%
Y/Y Growth in Subscription ARR[2]

5+ Years
Avg. Contract Length[3]

79%
Subscription revenue as a % of Total[4]

450
Digital Banking Platform Customers[5]

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

23.6M
Registered End Users[7]

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

$17B Total Addressable Market[9]

Late 2024 Target

Rule of

~30%

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

[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 June 30, 2024 compared to the total balance of Subscription ARR on June 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 second 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 June 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 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

Condensed Consolidated Balance Sheets

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

	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 303,823	$ 229,655
Restricted cash	2,517	3,977
Investments	68,227	94,353
Accounts receivable, net	59,435	42,899
Contract assets, current portion, net	8,776	9,193
Prepaid expenses and other current assets	12,535	11,625
Deferred solution and other costs, current portion	26,657	27,521
Deferred implementation costs, current portion	9,413	8,741
Total current assets	491,383	427,964
Property and equipment, net	35,491	41,178
Right of use assets	33,411	35,453
Deferred solution and other costs, net of current portion	30,094	26,090
Deferred implementation costs, net of current portion	23,151	21,480
Intangible assets, net	108,402	121,572
Goodwill	512,869	512,869
Contract assets, net of current portion and allowance	11,238	12,210
Other long-term assets	2,985	2,609
Total assets	$ 1,249,024	$ 1,201,425
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 55,948	$ 62,404
Deferred revenues, current portion	134,361	118,723
Lease liabilities, current portion	10,895	10,436
Total current liabilities	201,204	191,563
Convertible notes, net of current portion	491,456	490,464
Deferred revenues, net of current portion	24,334	17,350
Lease liabilities, net of current portion	41,771	45,588
Other long-term liabilities	9,594	7,981
Total liabilities	768,359	752,946
Stockholders' equity:		
Common stock	6	6
Additional paid-in capital	1,134,462	1,075,278
Accumulated other comprehensive loss	(1,206)	(1,111)
Accumulated deficit	(652,597)	(625,694)
Total stockholders' equity	480,665	448,479
Total liabilities and stockholders' equity	$ 1,249,024	$ 1,201,425

Condensed Consolidated Statements of Comprehensive Loss

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues [1]	$ 172,890	$ 154,531	$ 338,398	$ 307,539
Cost of revenues [2]	86,063	80,703	169,319	160,414
Gross profit	86,827	73,828	169,079	147,125
Operating expenses:				
Sales and marketing	27,733	28,701	53,178	56,845
Research and development	35,759	34,096	70,621	68,521
General and administrative	31,283	27,127	61,459	51,819
Transaction-related costs	-	9	-	21
Amortization of acquired intangibles	4,788	5,252	9,616	10,514
Lease and other restructuring charges	967	2,312	2,093	4,273
Total operating expenses	100,530	97,497	196,967	191,993
Loss from operations	(13,703)	(23,669)	(27,888)	(44,868)
Total other income (expense), net [3]	2,732	526	4,629	21,227
Loss before income taxes	(10,971)	(23,143)	(23,259)	(23,641)
Provision for income taxes	(2,089)	(479)	(3,644)	(497)
Net loss	$ (13,060)	$ (23,622)	$ (26,903)	$ (24,138)
Other comprehensive income (loss):				
Unrealized gain (loss) on available-for-sale investments	51	(174)	177	862
Foreign currency translation adjustment	49	180	(272)	163
Comprehensive income (loss)	$ (12,960)	$ (23,616)	$ (26,998)	$ (23,113)
Net loss per common share:				
Net loss per common share, basic and diluted	$ (0.22)	$ (0.41)	$ (0.45)	$ (0.42)
Weighted average common shares outstanding, basic and diluted	60,162	58,286	59,804	58,087

(1) Includes deferred revenue reduction from purchase accounting of zero and $0.1 million for the three months ended June 30, 2024 and 2023, respectively, and zero and $0.2 million for the six months ended June 30, 2024 and 2023, respectively.

(2) Includes amortization of acquired technology of $5.5 million and $5.9 million for the three months ended June 30, 2024 and 2023, respectively, and $11.0 million and $11.8 million for the six months ended June 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 six months ended June 30, 2023.

Condensed Consolidated Statements of Cash Flows

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

	Six Months Ended June 30,	
	2024	**2023**
Cash flows from operating activities:		
Net loss	$ (26,903)	$ (24,138)
Adjustments to reconcile net loss to net cash from operating activities:		
Amortization of deferred implementation, solution and other costs	13,115	12,447
Depreciation and amortization	35,168	35,478
Amortization of debt issuance costs	991	1,113
Amortization of premiums and discounts on investments	(443)	(1,781)
Stock-based compensation expense	45,132	38,710
Deferred income taxes	944	(556)
Gain on extinguishment of debt	-	(19,312)
Other non-cash items	496	2,043
Changes in operating assets and liabilities	(19,034)	(27,042)
Net cash provided by operating activities	49,466	16,962
Cash flows from investing activities:		
Net maturities of investments	26,745	74,284
Purchases of property and equipment	(2,856)	(3,294)
Capitalized software development costs	(11,835)	(13,127)
Net cash provided by investing activities	12,054	57,863
Cash flows from financing activities:		
Payment for maturity of 2023 convertible notes	-	(10,908)
Payments for repurchases of convertible notes	-	(149,640)
Proceeds from capped calls related to convertible notes	-	139
Proceeds from exercise of stock options and ESPP	11,448	3,933
Net cash provided by (used in) financing activities	11,448	(156,476)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(260)	276
Net increase (decrease) in cash, cash equivalents, and restricted cash	72,708	(81,375)
Cash, cash equivalents, and restricted cash, beginning of period	233,632	201,902
Cash, cash equivalents, and restricted cash, end of period	$ 306,340	$ 120,527

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,		Six Months Ended June 30,	
	2024	2023	2024	2023
GAAP revenue	$ 172,890	$ 154,531	$ 338,398	$ 307,539
Deferred revenue reduction from purchase accounting	-	83	-	199
Non-GAAP revenue	$ 172,890	$ 154,614	$ 338,398	$ 307,738
GAAP gross profit	$ 86,827	$ 73,828	$ 169,079	$ 147,125
Stock-based compensation	3,400	3,577	6,565	6,950
Amortization of acquired technology	5,504	5,883	11,008	11,763
Lease and other restructuring charges	588	429	595	429
Deferred revenue reduction from purchase accounting	-	83	-	199
Non-GAAP gross profit	$ 96,319	$ 83,800	$ 187,247	$ 166,466
Non-GAAP gross margin:				
Non-GAAP gross profit	$ 96,319	$ 83,800	$ 187,247	$ 166,466
Non-GAAP revenue	172,890	154,614	338,398	307,738
Non-GAAP gross margin	55.7%	54.2%	55.3%	54.1%
GAAP sales and marketing expense	$ 27,733	$ 28,701	$ 53,178	$ 56,845
Stock-based compensation	(4,469)	(4,823)	(8,340)	(9,083)
Non-GAAP sales and marketing expense	$ 23,264	$ 23,878	$ 44,838	$ 47,762
GAAP research and development expense	$ 35,759	$ 34,096	$ 70,621	$ 68,521
Stock-based compensation	(4,625)	(4,007)	(8,468)	(7,783)
Non-GAAP research and development expense	$ 31,134	$ 30,089	$ 62,153	$ 60,738
GAAP general and administrative expense	$ 31,283	$ 27,127	$ 61,459	$ 51,819
Stock-based compensation	(11,837)	(8,217)	(21,759)	(14,894)
Non-GAAP general and administrative expense	$ 19,446	$ 18,910	$ 39,700	$ 36,925
GAAP operating loss	$ (13,703)	$ (23,669)	$ (27,888)	$ (44,868)
Deferred revenue reduction from purchase accounting	-	83	-	199
Stock-based compensation	24,331	20,624	45,132	38,710
Transaction-related costs	-	9	-	21
Amortization of acquired technology	5,504	5,883	11,008	11,763
Amortization of acquired intangibles	4,788	5,252	9,616	10,514
Lease and other restructuring charges	1,555	2,741	2,688	4,702
Non-GAAP operating income	$ 22,475	$ 10,923	$ 40,556	$ 21,041
Reconciliation of GAAP net loss to adjusted EBITDA:				
GAAP net loss	$ (13,060)	$ (23,622)	$ (26,903)	$ (24,138)
Deferred revenue reduction from purchase accounting	-	83	-	199
Stock-based compensation	24,331	20,624	45,132	38,710
Transaction-related costs	-	9	-	21
Depreciation and amortization	17,645	17,935	35,168	35,478
Lease and other restructuring charges	1,555	2,741	2,688	4,702
Provision for income taxes	2,089	479	3,644	497
Gain on extinguishment of debt	-	-	-	(19,869)
Interest and other (income) expense, net	(2,689)	(623)	(4,625)	(1,502)
Adjusted EBITDA	$ 29,871	$ 17,626	$ 55,104	$ 34,098
Adjusted EBITDA margin	17.3%	11.4%	16.3%	11.1%

Reconciliation of Free Cash Flow

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

	Six Months Ended June 30,	
	2024	**2023**
Net cash provided by operating activities	$ 49,466	$ 16,962
Purchases of property and equipment	(2,856)	(3,294)
Capitalized software development costs	(11,835)	(13,127)
Free cash flow	$ 34,775	$ 541

Q2

Reconciliation of GAAP to Non-GAAP Revenue Guidance

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

	Q3 2024 Outlook		Full Year 2024 Outlook	
	Low	High	Low	High
GAAP revenue	$ 171,500	$ 174,500	$ 688,500	$ 692,500
Deferred revenue reduction from purchase accounting	-	-	-	-
Non-GAAP revenue	$ 171,500	$ 174,500	$ 688,500	$ 692,500

This table reflects the reconciliation provided by Q2 in its second quarter 2024 earnings release on July 31, 2024 and should be interpreted in this presentation as having been made as of that date. Q2 is not updating such prior guidance as of the date of this presentation.

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.

Cloud Lending Platform: Our Q2 Cloud Lending, or CL, digital lending platform is a cloud-based, end-to-end lending solution that allows financial institutions, FinTechs and Alt-FIs to automate and digitize their lending activities, supporting digital lending applications, scoring, underwriting, servicing and collections for multiple assets classes.

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.

Definitions

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.

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 platform, and our Q2 Cloud Lending, or CL, 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 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.

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.