2023 Fourth Quarter and Annual Earnings Review
2024 Annual Guidance

Tyler Technologies | February 15, 2024

Statement Regarding Use of Non-GAAP Measures

Tyler Technologies has provided in this presentation financial measures that have not been prepared in accordance with generally accepted accounting principles (GAAP) and are therefore considered non-GAAP financial measures. This information includes non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating income, non-GAAP operating margin, non-GAAP net income, non-GAAP earnings per diluted share, EBITDA, adjusted EBITDA, free cash flow, and free cash flow margin. We use these non-GAAP financial measures internally in analyzing our financial results and believe they are useful to investors, as a supplement to GAAP measures, in evaluating Tyler's ongoing operational performance because they provide additional insight in comparing results from period to period. Tyler believes the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing our financial results with other companies in our industry, many of which present similar non-GAAP financial measures. Non-GAAP financial measures discussed above exclude share-based compensation expense, employer portion of payroll taxes on employee stock transactions, expenses associated with amortization of intangibles arising from business combinations, acquisition-related expenses, and lease restructuring costs and other. Annualized recurring revenues (ARR) is calculated by annualizing the current quarter's recurring revenues from maintenance and subscriptions.

Tyler currently uses a non-GAAP tax rate of 22.0%.This rate is based on Tyler's estimated annual GAAP income tax rate forecast, adjusted to account for items excluded from GAAP income in calculating Tyler's non-GAAP income, as well as significant non-recurring tax adjustments. The non-GAAP tax rate used in future periods will be reviewed periodically to determine whether it remains appropriate in consideration of factors including Tyler's periodic annual effective tax rate calculated in accordance with GAAP, changes resulting from tax legislation, changes in the geographic mix of revenues and expenses, and other factors deemed significant. Due to differences in tax treatment of items excluded from non-GAAP earnings, as well as the methodology applied to Tyler's estimated annual tax rate as described above, the estimated tax rate on non-GAAP income may differ from the GAAP tax rate and from Tyler's actual tax liabilities.

Non-GAAP financial measures should be considered in addition to, and not as a substitute for, or superior to, financial information prepared in accordance with GAAP. The non-GAAP measures used by Tyler Technologies may be different from non-GAAP measures used by other companies. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures, which has been provided in the financial statement tables included in this presentation and our earnings press release.

Forward-Looking Statements

This document contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that are not historical in nature and typically address future or anticipated events, trends, expectations or beliefs with respect to our financial condition, results of operations or business. Forward-looking statements often contain words such as "believes," "expects," "anticipates," "foresees," "forecasts," "estimates," "plans," "intends," "continues," "may," "will," "should," "projects," "might," "could" or other similar words or phrases. Similarly, statements that describe our business strategy, outlook, objectives, plans, intentions or goals also are forward-looking statements. We believe there is a reasonable basis for our forward-looking statements, but they are inherently subject to risks and uncertainties and actual results could differ materially from the expectations and beliefs reflected in the forward-looking statements.

We presently consider the following to be among the important factors that could cause actual results to differ materially from our expectations and beliefs: (1) changes in the budgets or regulatory environments of our clients, primarily local and state governments, that could negatively impact information technology spending; (2) disruption to our business and harm to our competitive position resulting from cyber-attacks and security vulnerabilities; (3) our ability to protect client information from security breaches and provide uninterrupted operations of data centers; (4) our ability to achieve growth or operational synergies through the integration of acquired businesses, while avoiding unanticipated costs and disruptions to existing operations; (5) material portions of our business require the Internet infrastructure to be adequately maintained; (6) our ability to achieve our financial forecasts due to various factors, including project delays by our clients, reductions in transaction size, fewer transactions, delays in delivery of new products or releases or a decline in our renewal rates for service agreements; (7) general economic, political and market conditions, including continued inflation and rising interest rates; (8) technological and market risks associated with the development of new products or services or of new versions of existing or acquired products or services; (9) competition in the industry in which we conduct business and the impact of competition on pricing, client retention and pressure for new products or services; (10) the ability to attract and retain qualified personnel and dealing with the loss or retirement of key members of management or other key personnel; and (11) costs of compliance and any failure to comply with government and stock exchange regulations.

These factors and other risks that affect our business are described in our filings with the Securities and Exchange Commission, including the detailed "Risk Factors" contained in our most recent annual report on Form 10-K and quarterly report on Form 10-Q. We expressly disclaim any obligation to publicly update or revise our forward-looking statements.

tyler technologies

AT A GLANCE

The Leader in Software Solutions to the Public Sector

1
MARKET POSITION

83%
RECURRING REVENUES 2023

16.8%
FREE CASH FLOW MARGIN

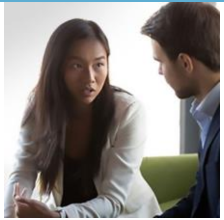
98%
GROSS CLIENT RETENTION

REVENUE BREAKDOWN*

ERP / FINANCIAL
31%

COURTS & JUSTICE
14%

PUBLIC SAFETY
6%



PLATFORM TECHNOLOGIES
31%

APPRAISAL & TAX
6%

CIVIC SERVICES
3%

K-12 SCHOOLS
7%

OTHER
2%

2023

Q4 2023 Summary

Strong Finish to a Pivotal Year in Our Cloud Transition

Q4 2023 Highlights

Earnings and cash flow **surpass expectations with ARR growth of 7.9%**

Total revenues of $480.9 million, **up 6.3%, with organic growth of 6.1%**

- ✓ **SaaS revenue growth of 21.7%,** representing 12th consecutive quarter of SaaS revenue growth of 20% or more
- ✓ License revenues flat with the shift to SaaS

Return to year-over-year operating margin expansion, up 70 bps to 22.3%

Completed ResourceX and ARInspect acquisitions, leveraging **AI-powered, data-driven platforms and edge technology across Tyler's product portfolio**

Healthy public sector demand with strong sales activity indicators in RFP pipeline and demo trends

Reduced term debt by $90 million, **lowering net leverage to under one times TTM proforma EBITDA**

Note: Organic growth excludes COVID-related revenues of $3.5 million in 4Q 2022, all of which ended in 2022.

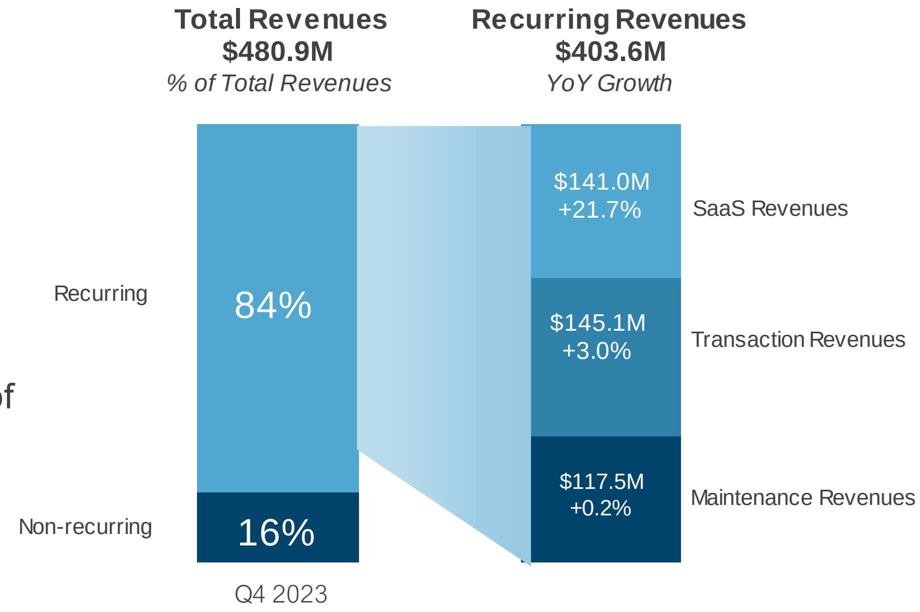
tyler technologies

Strong Recurring Revenue Growth

Recurring revenues up 7.9% with organic growth of 7.1%

Subscriptions rose 11.4% with organic growth of 10.8%

- SaaS revenues grew 21.7% (21.2% organic), consistent with near-term growth expectations
- Transaction revenues up 3.0% with organic growth of 2.1%



Q4 2023 Strong Performance Across Key Metrics

Total Revenues	Recurring Revenues	Diluted EPS[1]		Adjusted EBITDA
$480.9M +6.3% +6.1% organic	$403.6M +7.9% +7.1% organic	GAAP	$0.91 +24.7%	$117.9M +7.4%
		Non-GAAP	$1.89 +13.9%	

Cash from Operations*	Free Cash Flow*		Gross Margin[1]		Operating Margin[1]	
$147.4M +21.0%	$134.4M +17.1%		GAAP	44.3% +150 bps	GAAP	9.9% +90 bps
	FCF Margin	27.9% +250 bps	Non-GAAP	47.6% +90 bps	Non-GAAP	22.3% +70 bps

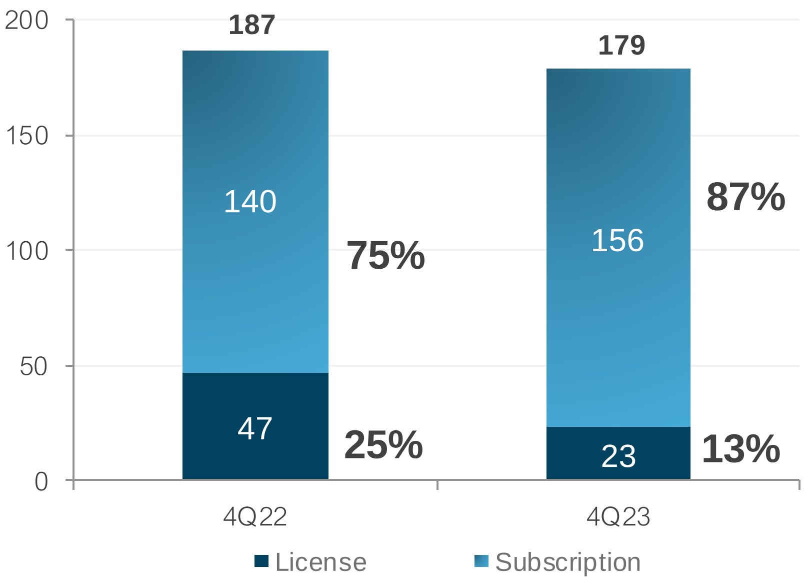
**Cash flow impacted by incremental cash taxes of approx. $15 million related to IRC Section 174 capitalization rules.*

[1] See the reconciliation of GAAP to Non-GAAP measures included in this presentation and in our earnings release.

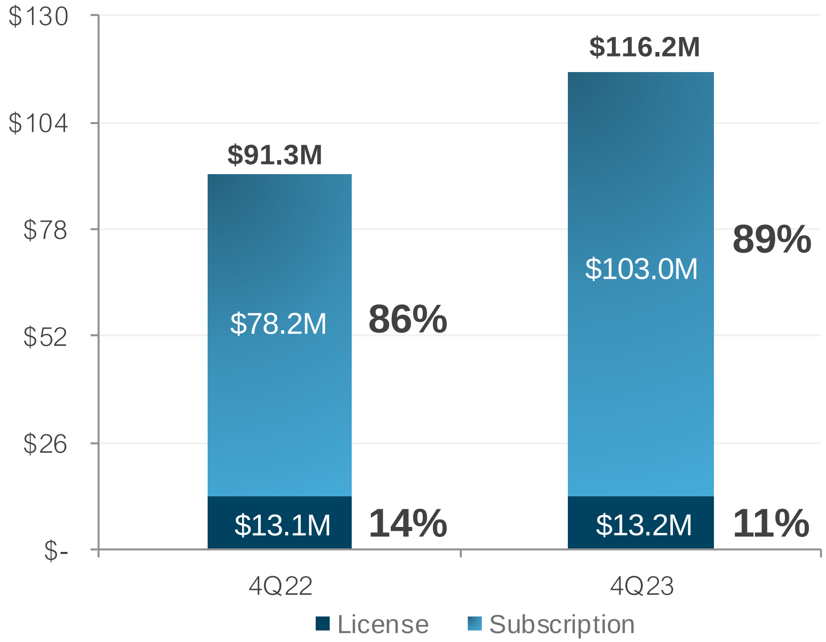
tyler technologies

Q4 2023 New Software Business Mix

of New Software Deals



New Software Contract Value



Q4 2023 Contract Highlights

NOTABLE WINS

- Landmark win with the California Department of Parks and Recreation for our integrated Outdoor Recreation platform - self-funded transaction-based contract including payments
  - Includes two 1-year renewal options
  - Largest transaction-based arrangement in Tyler's history – estimated value $175M
- Additional Outdoor Recreation wins for multiyear contracts with Wyoming State Parks and City of Miami, FL
- Collaborative Cross-sell highlights:
  - Two contracts under our Mississippi state enterprise agreement for our newly launched Resident Engagement Platform using Tyler's MyCivic mobile application
    - Mississippi Access to Maternal Assistance
    - Mississippi Department of Health
  - Enterprise Public Safety software contract with Pulaski County under our Arkansas state enterprise agreement
- Courts & Justice signed first statewide court SaaS flip with the Idaho Supreme Court to transition its Enterprise Case Manager solution across 44 counties and 200 courtrooms
- North Carolina Administrative Office of the Courts amended its existing SaaS arrangement for a five-year extension and expanded the contract to add our Appellate Court solution
- Public Safety SaaS momentum
  - Competitive SaaS wins for Enterprise Public Safety suite with Klamath Falls, Oregon, and Santa Rosa County, FL
  - First six on-premises flips during 2023
- Virginia Department of Education SaaS win for our Application Platform to upgrade its Enterprise State Regulatory system and modernize its citizen portal to support Virginia's child daycare programs

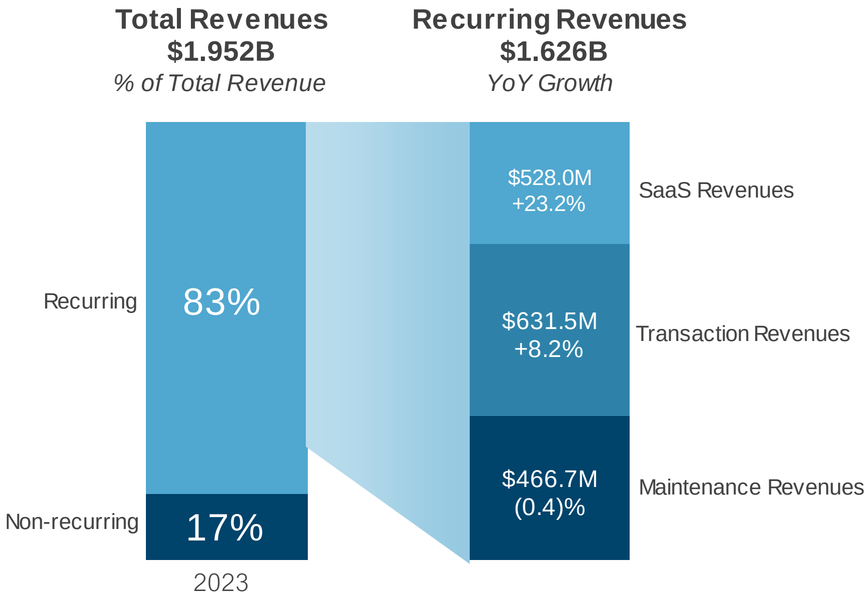
2023 Annual Summary

Strong Recurring Revenue Growth

Recurring revenues **up 9.8%** with **organic growth of 9.5%**

Subscriptions **rose 14.5% with organic growth of 14.4%**

- SaaS revenues **grew 23.1% on an organic basis, exceeding near-term growth expectations**
- Transaction revenues **up 7.9% on an organic basis**



Note: Organic growth excludes COVID-related revenues of $51 million in 2022, all of which ended in 2022.

2023 Strong Performance Across Key Metrics

Total Revenues	Recurring Revenues	Diluted EPS[1]	Adjusted EBITDA
$1.952M +5.5% +7.4% organic	$1.626M +9.8% +9.5% organic	GAAP $0.91 +24.7% Non-GAAP $1.89 +13.9%	$488.4M +2.8%

Cash from Operations*	Free Cash Flow*	Gross Margin[1]	Operating Margin[1]
$380.4M -0.27%	$327.4M -1.2% FCF Margin 16.8% - 110 bps	GAAP 44.1% +170 bps Non-GAAP 47.3% +60 bps	GAAP 11.2% +04 bps Non-GAAP 23.0% -60 bps

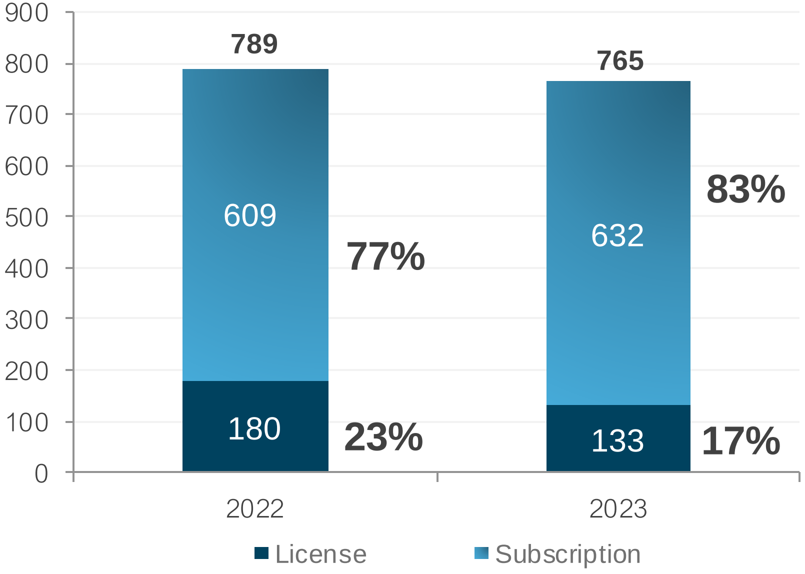
**Cash flow impacted by incremental cash taxes of approx. $127 million related to IRC Section 174 capitalization rules.*

[1] See the reconciliation of GAAP to Non-GAAP measures included in this presentation and in our earnings release.

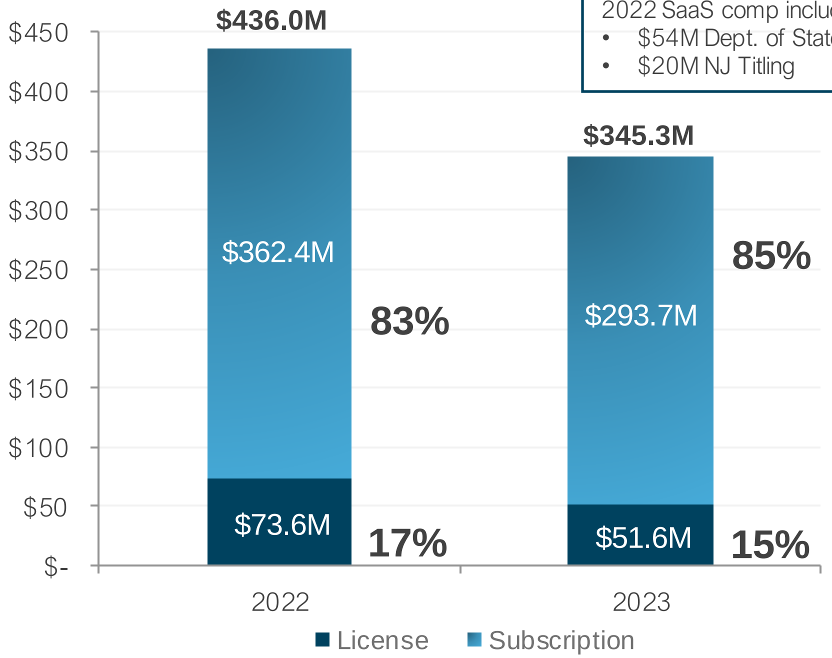
tyler technologies

2023 New Software Business Mix

of New Software Deals



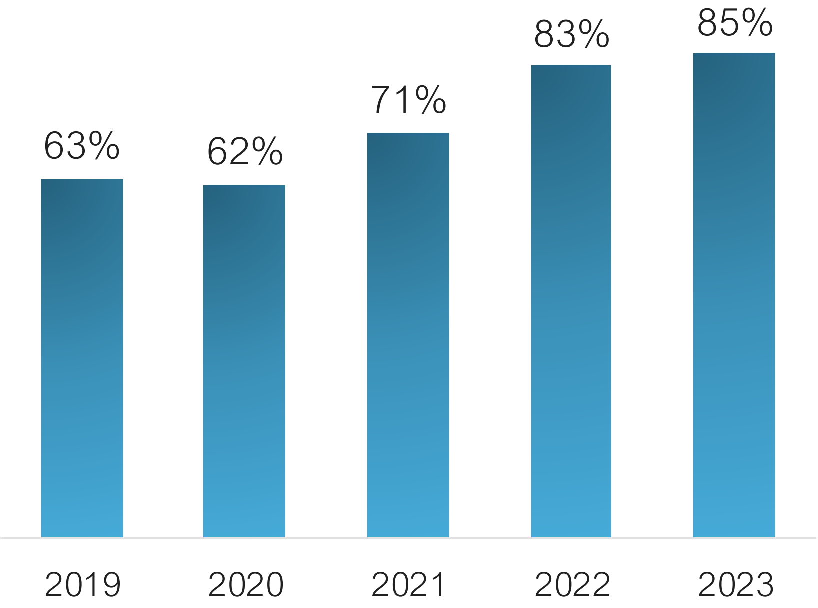
New Software Contract Value



2022 SaaS comp included
- $54M Dept. of State
- $20M NJ Titling

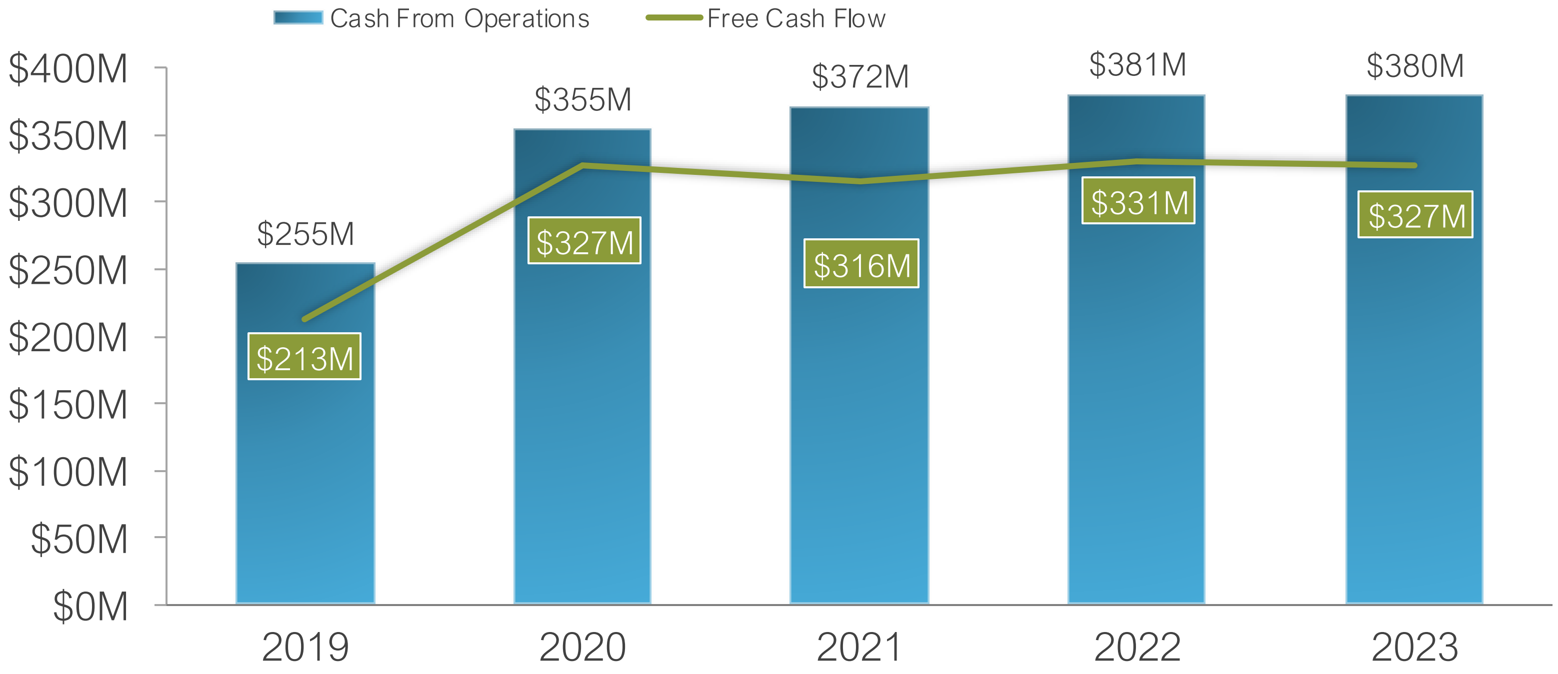
Executed Key Initiatives in Our Cloud Transition

- ✓ Nearing completion of development efforts to optimize products for efficient cloud deployment
- ✓ On track for planned exit of proprietary data centers in 2024 and 2025
- ✓ Executed expanded eight-year strategic collaboration agreement with AWS to further enable the growing adoption of Tyler's cloud-based mission-critical solutions
- ✓ Solid progress toward version consolidation
- ✓ Accelerating cloud adoption across product suites
- ✓ Tracking well against 2030 goals of migrating 75% - 85% of on-premises installations to SaaS deployed in the public cloud



New Software Contract Value SaaS Mix

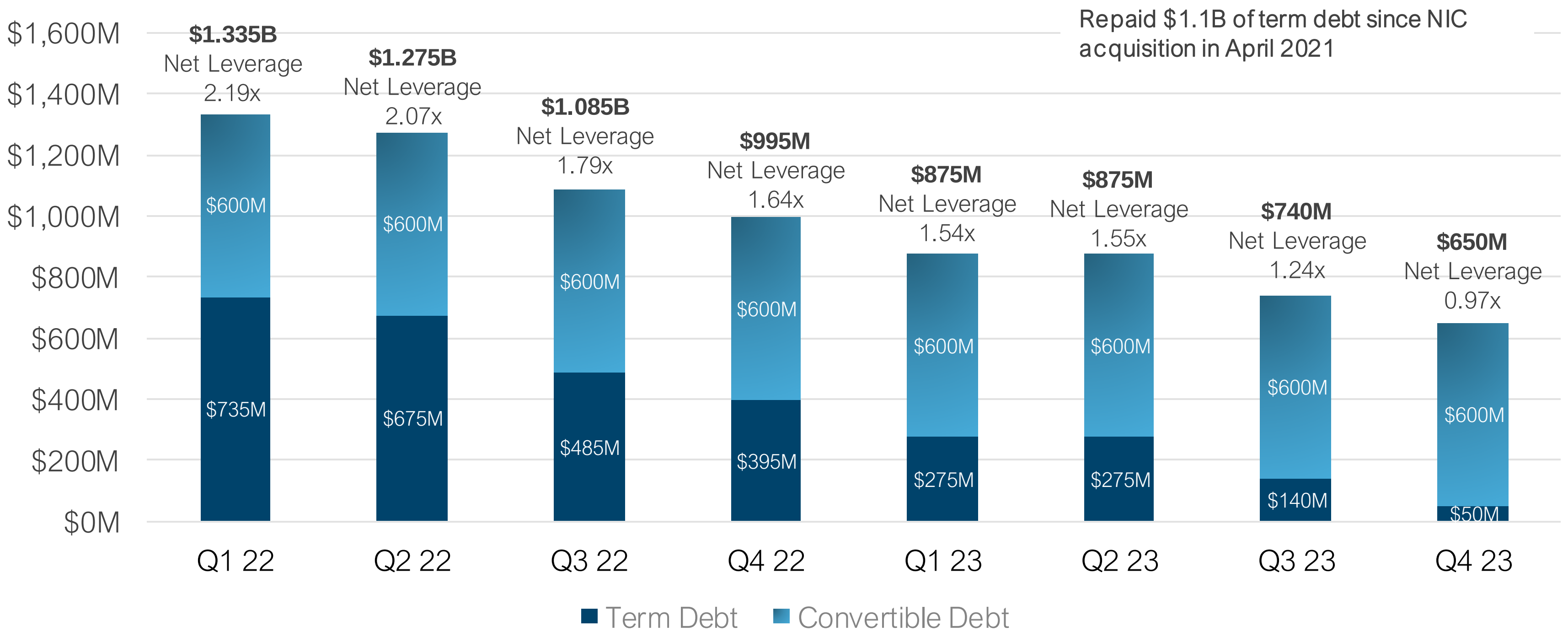
Strong Cash Flow Generation



Note: 2023 cash flow impacted by incremental cash taxes of approx. $127 million related to IRC Section 174 capitalization rules.

Strengthened Balance Sheet through Aggressive Deleverage

Under One Times Proforma EBTIDA at 12/31/23



2024 Annual Guidance

2024 Annual Guidance

ACCELERATING SAAS SHIFT AND CLOUD TRANSITION PROGRESS

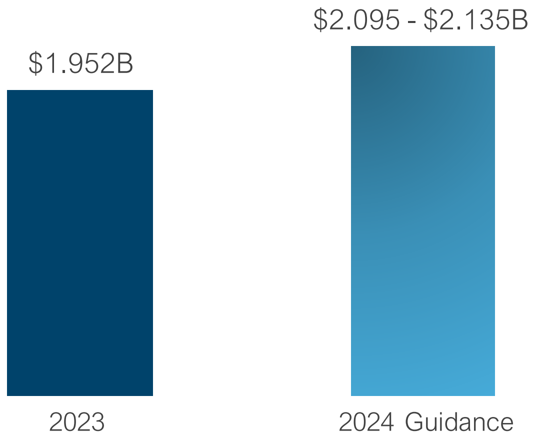
REVENUE DRIVERS

Guidance midpoint implies organic growth of approx. 8%

Revenue range percentage growth expectations:

- Subscriptions growth in the mid-teens
  - SaaS growth in the low twenties
  - Transaction growth mid-single digits
    - Merchant fees decline low-single digits
- Professional services growth in the mid-single digits
- Licenses and royalties growth in the low-single digits
- Maintenance decline low-single digits
- Hardware and other growth in the low to mid-single digits

Total Revenues

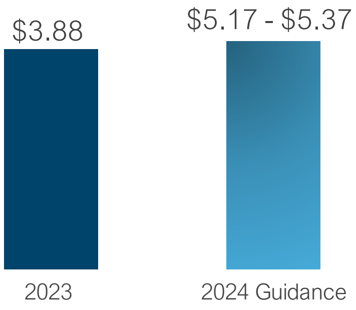


1 See reconciliation of GAAP to Non-GAAP measures on slide 20 in this presentation and in our earnings release.

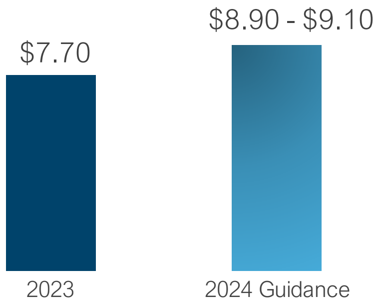
Most recent 2024 guidance provided on 2/15/24

2024 Annual Guidance

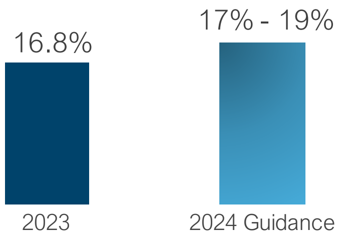
Diluted EPS - GAAP[1]



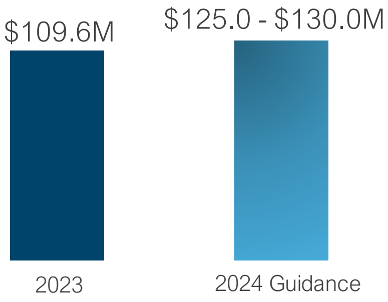
Diluted EPS - Non-GAAP[1]



Free Cash Flow Margin



R&D Expense



GAAP to non-GAAP guidance reconciliation	**2024**
GAAP diluted earnings per share [1]	$5.17 - $5.37
Plus:	
Share-based compensation expense	2.92
Amortization of acquired software and other intangibles	2.21
Less:	
Income tax impact [1]	(1.40)
Non-GAAP diluted earnings per share	$8.90 - $9.10
Shares used in computing diluted earnings per share (millions)	43.5
GAAP estimated annual effective tax rate used in computing GAAP diluted earnings per share [1]	18%
Non-GAAP estimated annual effective tax rate used in computing non-GAAP diluted earnings per share	22%

[1] GAAP diluted earnings per share may fluctuate due to the impact on our annual effective tax rate of discrete tax items, such as stock incentive awards, future acquisitions, changes in tax legislation, and other transactions.

Most recent 2024 guidance provided on 2/15/24

Appendix

Non-GAAP Measures

THE TABLE RECONCILES THE NON-GAAP MEASURES USED IN THIS PRESENTATION

Reconciliation of non-GAAP gross profit and margin	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Twelve Months Ended December 31, 2023	Twelve Months Ended December 31, 2022
GAAP gross profit	$ 212,925	$ 193,334	$ 861,099	$ 783,863
Non-GAAP adjustments:				
Add: Share-based compensation expense included in cost of revenues	6,981	6,667	26,607	27,486
Add: Amortization of acquired software	9,183	11,310	36,062	52,192
Non-GAAP gross profit	$ 229,089	$ 211,311	$ 923,768	$ 863,541
GAAP gross margin	44.3%	42.8%	44.1%	42.4%
Non-GAAP gross margin	47.6%	46.7%	47.3%	46.7%

Reconciliation of non-GAAP operating income and margin	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Twelve Months Ended December 31, 2023	Twelve Months Ended December 31, 2022
GAAP operating income	$ 47,748	$ 40,711	$ 218,537	$ 214,249
Non-GAAP adjustments:				
Add: Share-based compensation expense	27,433	24,994	108,338	102,985
Add: Employer portion of payroll tax related to employee stock transactions	682	378	1,873	1,571
Add: Acquisition-related costs	154	757	409	1,971
Add: Lease restructuring costs and other	2,863	1,623	8,220	2,782
Add: Amortization of acquired software	9,183	11,310	36,062	52,192
Add: Amortization of other intangibles	19,333	18,104	74,632	61,363
Non-GAAP adjustments subtotal	$ 59,648	$ 57,166	$ 229,534	$ 222,864
Non-GAAP operating income	$ 107,396	$ 97,877	$ 448,071	$ 437,113
GAAP operating margin	9.9%	9.0%	11.2%	11.6%
Non-GAAP operating margin	22.3%	21.6%	23.0%	23.6%

Reconciliation of non-GAAP net income and earnings per share	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Twelve Months Ended December 31, 2023	Twelve Months Ended December 31, 2022
GAAP net income	$ 38,903	$ 31,077	$ 165,919	$ 164,240
Non-GAAP adjustments:				
Add: Total non-GAAP adjustments to operating income	59,648	57,166	229,534	222,864
Less: Income tax impact	(17,198)	(17,884)	(61,792)	(68,999)
Non-GAAP net income	$ 81,353	$ 70,359	$ 333,661	$ 318,105
GAAP earnings per diluted share	$ 0.91	$ 0.73	$ 3.88	$ 3.87
Non-GAAP earnings per diluted share	$ 1.89	$ 1.66	$ 7.80	$ 7.50

tyler technologies

Non-GAAP Measures

THE TABLE RECONCILES THE NON-GAAP MEASURES USED IN THIS PRESENTATION

Detail of share-based compensation expense	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Twelve Months Ended December 31, 2023	Twelve Months Ended December 31, 2022
Subscriptions, maintenance and professional services	$ 6,981	$ 6,667	$ 26,607	$ 27,486
Sales and marketing expense	2,730	2,229	10,118	8,800
General and administrative expense	17,722	16,098	71,613	66,699
Total share-based compensation expense	$ 27,433	$ 24,994	$ 108,338	$ 102,985

Reconciliation of EBITDA and adjusted EBITDA	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Twelve Months Ended December 31, 2023	Twelve Months Ended December 31, 2022
GAAP net income	$ 38,903	$ 31,077	$ 165,919	$ 164,240
Amortization of other intangibles	19,333	18,104	74,632	61,363
Depreciation and amortization included in cost of revenues, sales and marketing expense, general and administrative expense, and research and development expense	19,755	22,627	74,954	89,890
Interest expense	3,750	8,103	23,629	28,379
Income tax provision	5,747	2,543	32,317	23,353
EBITDA	$ 87,488	$ 82,454	$ 371,451	$ 367,225
Share-based compensation expense	27,433	24,994	108,338	102,985
Acquisition-related costs	154	757	409	1,971
Lease restructuring costs and other	2,863	1,623	8,220	2,782
Adjusted EBITDA	$ 117,938	$ 109,828	$ 488,418	$ 474,963

Reconciliation of free cash flow	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Twelve Months Ended December 31, 2023	Twelve Months Ended December 31, 2022
Net cash provided by operating activities	$ 147,419	$ 121,857	$ 380,440	$ 381,455
Less: additions to property and equipment	(8,013)	(5,088)	(20,519)	(22,529)
Less: investments in software development	(5,043)	(2,065)	(32,490)	(27,622)
Free cash flow	$ 134,363	$ 114,704	$ 327,431	$ 331,304
Free cash flow margin	27.9 %	25.4 %	16.8 %	17.9 %

tyler technologies

Empowering people who serve the public®

tyler technologies